

FEBRUARY, 1957

Credit and **FINANCIAL MANAGEMENT**

**Four Steps to Profit
By Sales and Credit
In Handling Account**

**Tax and Legal Sides
Of Life Insurance in
Planning of Estate**

**Installment Posting
Lemmas Cleared by
Mechanized System**

**Proper Reporting and
Unrestricted Audits
Give Way For Loans**



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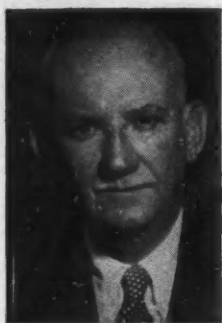
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EDITORIAL

Henry H. Heumann
Executive Vice-President

Better Citizenship

THE right to vote was won the hard way. It required great sacrifices by those who pioneered our new form of government. When you consider the large number who did not vote in the last election, you wonder if there is a full appreciation of the right to vote.

It is questionable, however, whether much additional preaching and education in the privilege of voting will bring out a more substantial vote. Some people can be aroused to vote only when there are great issues facing the country and voters are presented a different program to solve them. In recent years the political programs of both major parties have been so similar that the voter has felt he has little choice. Millions voted in the last election without too much enthusiasm for either party or platform. Many decided to stay away from the polls.

A two-party system of government is much to be preferred over one of innumerable parties where no party can gain control and they must constantly resort to a coalition type of administration. France is a good example of what happens under those conditions. The people of this country—millions of them—would like the right to express themselves by voting for candidates who propose programs to which they could subscribe. This they have found difficult to do. Perhaps this is one reason for the relatively light vote, compared to the total of eligible voters.

A political campaign can help develop better citizenship or it can drift into a name-calling or pie-in-the sky tour. No one can honestly say that the recent campaign was on a plane comparable to some of the great worthwhile political debates of other years. The whole idea of making promises to give things to people, adopted brazenly by both parties, smacks too much of buying votes. In the earlier years any candidate who would have declared for such a program would have been soundly defeated.

Perhaps we can get a stronger voting consciousness if we elevate our political campaigns. Even the barnstorming trips seem rather undignified today. It is questionable whether they either educate people to the issues or change their voting preferences.

Let us hope that our people who are fed up on these political antics will rebel and demand that politics be lifted to a plateau where it is an educational program for better citizenship. Such a campaign might bring out the votes.

THE FEBRUARY COVER

MANY and devious can be the pitfalls into which a dealer falls when, however innocently, he ignores the signs marking the path of sound business practice.

Many, too, and complicated can be the necessary remedies prescribed and followed through by alert credit management to extricate the account and point out the direction to profits.

And when his predecessor has turned over the account balance to the collection department of a credit insurance company without notifying the dealer and without notifying the credit insurance concern that special terms were to govern the special transaction involved—well, best turn to page 14 and read how the problem was solved by James P. Keddy, credit manager, Admiral Distributors of Boston, whose biography appears with the article.

Mr. Keddy is shown in the front cover picture with John R. Hodgens,



(left) general manager of the Boston distributing operation.

Mr. Hodgens, who was among the First Division Marines who landed at Guadalcanal, received his M.A. degree from Dartmouth College in 1949. He had worked during vacations in the warehouse of the independent distributor having the Admiral franchise, and then joined the sales force of the direct factory branch.

When Admiral opened a factory branch in Albany in 1954, Mr. Hodgens was transferred there as general manager. He became general manager of the Boston distributing operation in 1955.

FINANCIAL MANAGEMENT

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Men

VOLUME 59

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Washington

DEFINITIONS become finely drawn in the official forecasts for business in 1957, but out of them comes the conclusion that "moderate" gains over the new highs of 1956 will be recorded, though some of the momentum of the economy will be lost somewhere along the way.

Said Sinclair Weeks, secretary of the Department of Commerce, "The rate of expansion may not be so fast but, barring grave emergency, the economy as a whole should set new records." Calling the prospects for the first six months "bright," Mr. Weeks reported that "good times should continue through the entire 12 months, with overall employment, income and production higher." He noted an estimated 1956 gross national product of \$412 billions, 5 per cent over the 1955 record year.

Business Spokesmen's Consensus

Business spokesmen for trade groups in a dozen or more lines of industry, participating in a symposium sponsored by the Chamber of Commerce, agreed that the momentum would slow down. For the most part they limited their forecasts to the first half year.

Noting that "a look ahead must be more guarded than usual," Dr. Emerson Schmidt, the Chamber's director of economic research, observed, "The boom is getting older but not necessarily tired. That suggests, however, that certain stresses and strains may begin to develop."

Concern over the increased money costs over a year ago was expressed by all the spokesmen, but their forecasts were optimistic. Here are silhouettes of the 1957 picture by industry, as they see it:

AUTOMOBILES: 6 to 6.2 million passenger car sales in 1957; **STEEL:** "Good", with production paralleling the past year's 115 million tons; **DEPARTMENT, SPECIALTY AND CHAIN STORES:** 5 per cent rise in sales in first half; **FARM MACHINERY:** 15 per cent increase in sales; **FOOD:** 6.7 per cent increase in sales, with prices remaining stable; **HOME BUILDING:** a possibility of reaching 1 million new "starts" by year-end.

Dr. Schmidt added that "as the threat of serious upward price pressures abates, the Federal Reserve System will return to policies designed to foster growth in the money supply" and "this will accommodate economic expansion."

In some industries the anticipated continued

good production and sales rates for the first half year, their spokesmen said, will depend upon availability of production materials, especially certain forms and shapes of steel for which demand exceeds production supply.

In a later symposium, 14 economists in the economic forum of the National Industrial Conference Board, New York, predicted rising national output and higher prices the first half, to be followed by a tapering off or plateau in business growth the second half. For the year as a whole the prediction calls for a 4 per cent increase in the gross national product, half of the increase because of higher prices.

A record year for total business, but only moderately above 1956, was their consensus.

INCREASED REVENUE of \$402.6 millions a year to railroads of the East and West is the estimated yield from emergency freight rate raises authorized by the Interstate Commerce Commission—7 per cent in the East and 5 per cent in the West. As this issue went to press a 7 per cent increase proposed by Southern carriers was being considered.

The commission also authorized a 5 per cent increase on "interterritorial" freight moving among the three areas. The grant to Eastern railroads took in West Virginia and much of Virginia.

Requests for the higher rates were based upon the wage increases that became effective November 1st.

On coal and coke the increased rate was limited to a flat 10 cents a ton, and maximum raises were stipulated on a number of additional items.

EIGHT PER CENT or more increase of outlay by industry for new plant and equipment in the first three months of this year above the opening months of 1956 is predicted in a joint report based upon information gathered by the Department of Commerce and the Securities and Exchange Commission. In dollars that would mean expansion at an annual rate of \$38 billions, compared with the \$37.3 billions annual rate the first quarter of 1956.

A promise made is a debt unpaid.

—Robert W. Service

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Four Steps to Profit

Selecting, Retaining, Servicing and Developing Customers

Many little items tied together can tell an important story to the credit executive. So, too, a bit of information passed along by him to a salesman can result in acquisition of a healthy and growing account overlooked by the competition.

Whether in selecting customers, retaining accounts, or servicing and developing them, case histories all point to the same truth: inter-functioning by sales and credit in the field is a management necessity. Too, there still remain many untapped sources of profitable business volume to be explored through closely knit organization of the two departments.

Many departures from routine that proved successful were brought out in a panel discussion before a credit conference in Cincinnati, with sales and credit management participating. Their observations sum up in the words of one speaker—at once a compliment to forward-seeing credit operation and a warning to any backslider: "The creditman is also a salesman, and don't ever think that he isn't because otherwise he could bury new accounts as fast as the sales department digs them up." The moderator of the panel discussion was Paul W. Cutshall, general credit manager and assistant treasurer, South-Western Publishing Company, Inc., past president, Cincinnati Association of Credit Men, and vice general chairman of the 60th Credit Congress last May.

Duty of Credit to Teach Salesmen How to Read Rating Intelligently



JAMES B. SHOOP
District Manager
The Tracy-Wells Company
Columbus, Ohio

SELECTION OF CUSTOMERS—How Credit Can Help Sales

IF PROFITABLE sales quotas are to be achieved, the sales manager and the credit manager should work as a team. To that end the sales manager should invite the credit manager to sales meetings at least once a month, more often if practicable.

The credit manager should be invited to all sales dinners, especially accomplishment dinners, because he has to sell the sales staff that he is their friend and that he will do everything humanly possible to put a profitable, collectible sale on the books.

The credit manager should acquaint the salesmen with the credit rating services. We have a lot of young men in our sales organizations today who, to my knowledge, cannot read a rating intelligently.

To illustrate. One of our salesmen needs a new water heater account in, say, Portsmouth. If he is a good salesman he is carrying a Portsmouth telephone directory. He makes a list of all water heating calling accounts in Portsmouth. He takes this list to the credit department, which in turn refers to the reports to inform him which companies are well-rated. This saves time for the salesman. He is not going out to try to contact the poorly rated.

In Columbus, by the way, there is a newspaper called

the *Daily Reporter*. This little paper lists all pertinent legal news, suits, mortgages, divorces, new corporations.

I think most credit departments do pass along to the salesmen the names of all new businesses to which the supplier could sell his merchandise.

We received from our credit department the information that XYZ had just formed a new appliance company on North High street. Our city salesman contacted the company the next day. The following day the dealer came to our showroom, looked over our merchandise and gave us an order for more than \$2,000 worth of appliances. We immediately ordered a report on the corporation and found it somewhat involved. Did we lose the \$2,000 order? No. Our very capable credit manager immediately got on the job. He knew that the president was worth considerable money in his own right and got his personal guaranty. At the time some of our competitors didn't even know this account existed.

The credit manager should adopt the modern approach by constantly working with the sales manager and salesmen in the field. He thus will learn firsthand whether the dealer's store is strategically located, whether the dealer has the right kind of personality for the business, has his merchandise properly displayed, has too much inventory of new or old merchandise.

For example, our credit manager and I were in a county seat town some months ago attempting to get one of our dealers out of trouble. We got him straightened around, then decided to make a few more calls.

Merchandise Inventory Too High

On the first call we found that the dealer was in financial trouble but no one was making an honest attempt to help him. We asked for his financial statement. It showed very little cash, but his merchandise inventory in both new and used merchandise was entirely too high for the community. At the rear of the building we saw approximately 60 pieces of good used merchandise gathering dust. In this same room were 30 pieces of new merchandise, some of it duplicating items the dealer already had in his in-

(Continued on opposite page, bottom column 2)

By Sales-Credit Team

Fight for That Order, Then Find Ways to Help Account Grow

Integration of Credit and Selling Needed Especially in Management



MISS R. G. BASLER

MISS ROSA BASLER
Treasurer
F. D. Lawrence Electric Co.
Cincinnati, Ohio

SELECTION OF CUSTOMERS—How Sales Can Help Credit

HERE in the United States we have witnessed four distinct evolutions in our business life. First, business was conducted mostly by barter—no sales or credit angle there. Then came business invested in sole ownership, with sales and credit vested in the same person. In the third era we see the formation of our giant holding companies, again with credit and sales vested in a narrow circle, this time a narrow banking circle. Today, business is controlled in greater part not by the stockholders of our large corporations and companies but by management, because we see a very wide spread of stock holdings.

It is in the sphere of management that the credit and sales departments must be thoroughly integrated. In these days of keen competition the cooperation of these departments contributes immeasurably to survival of a business. Each transaction must be regarded on its individual merit, as a long-term, profit building outlet, and this takes teamwork.

Every credit executive should be willing to take a calculated risk in line with the volume of business desired by management. However, no sales executive should expect a credit executive to deviate from the sound principles of granting and extending credit.

In a small company the human relationship factor is all-important.

The duty of our credit executive is to "sell" the function of his office to the sales department. We try to do this by not taking an arbitrary stand on new accounts submitted by a salesman. If investigation shows a negative credit risk, we outline the weaknesses to him. A salesman has a right to know; at the same time, we do not violate any confidence. When an account is fully analyzed and credit is denied, the decision of the credit department is upheld by management. We give no set rules of credit to our salesmen. When any sizable amount is involved, the credit department makes a thorough investigation.

The salesman submits all the data he has. The credit department checks through the channels of Credit Interchange, Dun & Bradstreet and credit references. If the

account is okay, the salesman has a clear green light. If there are restrictions or limitations, he is advised why.

We sell small and large industrials and contractors. If the greater volume covered sales to large industrials, our credit problems would be largely eliminated, but we have on our books a very wide range of contractor accounts. To these, "eternal vigilance" must constantly apply.

I am not in favor of selling a so-called bad account even on a guaranteed basis. Selling a fringe account is an entirely different matter. Here the salesman can be of great assistance if he can bring us the information we desire or advise us where we can obtain it. He could bring us the name and amount of the job, the delivery and billing spread information, accurate job site delivery, whether the account is bonded and, if so, the name of the bonding company.

Integrity Gets Preference

We give preference to an account if the integrity of the principals is unquestioned. We see if the management is forward-looking and intelligent. That is where the salesman can be of great value to us. I have learned over the years to evaluate the sound judgment of our salesmen.

We take the margin of profit into consideration. If it is a small margin we adhere to a more strict policy of credit.

We try not to grant credit to the degree of unrestrained eagerness in building up business with marginal accounts. On the other hand, we do not want to go to the extreme of predicated action only on a "no-loss" policy.

We do not floor-plan any merchandise. Therefore, the element of repossession never enters into our consideration. We sell very few hardware accounts.

If the salesman wishes to continue selling an account of small profit margin on which special collection effort is not justified, we permit him to do so, provided he is willing and able to collect in the event it becomes past-due.

The credit executive must earn the respect of the sales department by strict adherence to impartial decisions, consistency, and awareness of a common goal. Common horse sense in sales-credit relationships will result in greater efficiency, teamwork and increased profits.

JAMES B. SHOOP

BEGUN ON PAGE 8

ventory. To say the least, the dealer was loaded. He was loaded and lonesome for someone to counsel with him.

The credit manager and I laid out a program for him to get rid of this merchandise. He followed this program and today is in pretty good financial condition. Mind you, we didn't sell this dealer a stick of merchandise on this first call. We were rendering a service—a service that some salesman, sales manager or credit manager should have been rendering him many months earlier.

When we left him, the dealer told us how grateful he was and said that when he got on his feet he would surely give us more business. Today we are selling him two of our franchise lines and he is discounting his bills.

(Concluded on page 11)

Agreement on Sales-Credit Policy First Need in Keeping an Account



R. H. LAWRENCE
Assistant Treasurer
Frigidaire Corporation
Dayton, Ohio

RETAINING CUSTOMERS—How Sales Can Help Credit

A CREDIT department that does not have a proper understanding of the sales department and of getting maximum volume of business, and a sales department that does not have a proper understanding of investment or turnover and profit, are of no more value to an organization than obsolete machines and tools used to produce quality and precision products.

Each department has its important functions and responsibilities from a primary standpoint. Each has its secondary functions and responsibilities. Retaining customers, however, is most definitely a joint cooperative effort.

Before there can be any really effective cooperation, these two important members of management must first agree on a general sales policy, and they must agree on the general credit and collection policy. Once they have agreed, they must take into consideration such important factors as adequate sales volume, investment, return on investment, turnover of accounts receivable, and, last but not least, profit.

Differing Views Must Be Reconciled

In the administration of any policies there will be different points of view. If there is to be any real cooperation between the departments, these different points of view must be reconciled to a point where a representative of either department can conscientiously, sincerely and consistently use one very small but important word—'we.' We feel, we believe, we are of the opinion, and so on and on.

A sales department in many cases can assist in collection of accounts that have not responded to normal collection procedures. They at times can obtain financial information and other important data which may have a direct bearing on a decision whether or not to retain such a customer.

The alert sales representative, after contacting dealers, will report back to the credit manager what may at the time seem to be unimportant observations.

Not long ago a salesman came into the office of one of

Some office forces get along like one big family; others are more congenial.

—Changing Times

A great many so-called open minds should be closed for repairs.

—Anonymous

our credit managers and related an experience with a dealer. He said, "You know, I gained the impression in this contact that the dealer's cash position was pretty low and he was in pretty bad straits. In fact, the finance company had some of his cash money in holdbacks. I think you ought to do something about it."

This credit manager should have seen that dealer four or five months previously.

While it was determined that the finance company's holdback arrangement had some bearing, I felt it was not the important reason contributing to the dealer's difficulty. A little examination then showed that the dealer had a poor trading policy, a poor merchandising policy on new and repossessed goods. In fact, for several months he had sustained severe losses. Probably even more significant was the fact that he had one important line which had been unprofitable.

On the tip from the sales department the credit department went in and insisted on some corrective measures. In three or four months the dealer was financially stable and able to continue business in volume.

Big Sale, Prices Low

Here is another example of alertness. A sales representative came into a credit manager's office and said of a certain dealer, "I was passing his store and saw that he was having a big sale. He had signs of all descriptions plastered over his windows." By way of an aside he added, "It looked to me that some of the prices on merchandise were pretty low."

We found that the dealer was in some difficulty because of a huge and extended building program. We showed him it was not necessary to get into a situation of losing profit in volume. In two months he was back on his feet and he did not need to resort to selling at cut prices.

Take the case of a salesman going into a dealership and noticing an unbalanced condition of inventory. The merchandise may be old or the wrong models. It is important that he take immediate steps to suggest selling activities and promotional plans to move this old or slow merchandise and so restore the inventory to a proper condition and keep open the dealer's line of credit.

Joint Sales or Operating Guide

The sales and credit departments also should develop jointly a sales or operating guide from a business management point of view.

The sales department makes specific contributions to such a program by providing materials on selling, on the hiring and training and compensating of salesmen, on sales and promotion plans and, I think, even financing plans.

Contributions of the credit department to such sales or operating guide would include the proper use of capital, advice on credit and collection policies and other important phases of a dealer's operations.

Any contributions to perfect and encourage the stability of dealers will go a long way towards retaining these accounts as good customers.

Retaining Customers Called Most Important Area of Aid by Credit



HOWARD A. NOBLE
Sales Manager
Mosler Safe Company
Hamilton, Ohio

RETAINING CUSTOMERS—How Credit Can Help Sales

OUR BUSINESS is the protection business, that is, safes and vaults. Handling the larger accounts, the big bank accounts, presents no credit problem. The place where our credit department is most helpful to us is in retaining the account which has taken us time to get, and retaining him is necessary because we set up what we call exclusive dealerships. In these cases the rating must be thoroughly worked out prior to the sale, and once the dealership is set up we must retain him for years, a very expensive operation.

Our credit men attend all our sales meetings, if humanly possible. They know our problems. We want them to know the problems. They go out with our salesmen. There are instances where we have absolutely carried a distributor or dealer because the creditman applied common sense to the problem. It isn't always what is in the credit rating. What helps make the team is your credit manager's knowledge of your business and your sales department's business and how those people operate.

Avoid Over-Stocking Account

We have a "slow-moving" product. Therefore, in order to maintain a good relationship with our distributor, our dealer, it becomes very necessary for us to be sure that our sales people do not over-stock him. Nothing makes one more discouraged than to have a lot of goods on the floor that don't move.

We insist that our sales representatives go to these dealers and come back with an inventory. We watch that inventory very closely because we know that, if one of them gets behind, it sometimes is very, very hard to catch up.

Maintaining and retaining customers is just as necessary as getting new ones, in fact even more important, because we like to keep accounts on our books, customers whom we have done business with for many years.

JAMES B. SHOOP

CONCLUDED FROM P. 9

When a new dealer has been contacted and the order received, we of course have to set up a credit line. Sometimes the rating is excellent and sometimes the financial statement is excellent, but oftentimes in our business there is no such rating and the financial statement is not good enough to warrant setting up an open account line.

At this point our credit manager may suggest to the dealer that he floor-plan his merchandise through his local

bank or some local financing institution. You'll be surprised to learn that some salesmen don't have the slightest concept of what a floor plan will do for a dealer.

If the dealer is using a floor plan arrangement and is over his credit line with the financing institution, we could as a temporary measure take a chattel mortgage on the merchandise we wish to sell him. This should be supported with a series of short-term notes. We could also ask for a dealer's guaranty, from an immediate relative or someone else who has some financial worth. We could also take a series of postdated checks. We don't like to do that but we have done it on many occasions.

To summarize:

The lifeblood of our business is the order or the sale. The motivating force behind the credit and sales departments should be eagerness to get business on the books. You can't get business by rejecting orders. Today's talent comes in teams. The sales and credit managers must work together—in the office, in the field. If a dealer's financial statement does not warrant an open account, find a way. Fight for that order!

Little Items Tied Together Tell Credit Manager Important Story

PRESLEY H. MEYER
Credit Manager
Peaslee-Gaulbert Corp.
Louisville, Ky.



SERVING AND DEVELOPING CUSTOMERS—How Sales Can Help Credit

OURS is a distribution business. We have probably 10,000 accounts on our books. Our lines of credit will run anywhere from a washer on a Star washing machine up to \$100,000 on Admiral and Sylvania.

A foremost way in which Sales and Credit together can serve and develop a customer is to keep each other informed of changed conditions.

I can tell almost immediately when things in a territory aren't going too well. Sales and collections have a habit of either rising or falling together. Our salesmen keep us informed all the time of details regarding customers, of the big things and the many little things. Is the dealer's stock staying on his shelves too long? Are his moral habits slipping? Is he participating in too many civic organizations, taking too much of his time? Is he extending credit loosely? Has he too much inventory? All the little things tie together and tell the creditman an important story.

It is likewise very important that your creditman let your sales department know when a dealer is improving in his paying habits, if he has a raise in rating, if his net worth has bettered, so that you can go in there with more business.

It is important that salesmen inform the credit department
(Concluded on page 12)

Serving and Developing Customers Demands Closely Knit Organization



CARL VOLKMAN
*Vice President
In Charge of Sales
Pollack Steel Company
Cincinnati, Ohio*

SERVING AND DEVELOPING CUSTOMERS—How Credit Can Help Sales

CREDIT POLICIES and problems, and sales problems and policies, vary with the types of business we are in. Nevertheless, today's business organization, in sales and credit and in all branches, must be closely knit. Sales can develop a customer, credit can go along and find reasons for selling him, and then production can upset the applecart. Conversely, production can turn out a good product and deliver it on time, then sales or credit can fumble the ball.

We are all in the same boat. We need to hold customers. We need more of them. You would be surprised to know how many customers we have picked up because they got sore at others, for one reason or another. Furthermore, it is possible to nurse a customer into becoming an even better customer. You can even wed him and weld him to your organization.

Credit and collections seem to be one of the most sensitive things you can deal with. Let the credit department touch a customer on the pocketbook and question his ability to pay, and in no time you can stir up a hornet's nest that the sales department perhaps could never quiet down.

It is no trick to give credit to a million-dollar customer who wants to buy \$10,000 of merchandise. The trick is to take the new and small account, either one that you are trying to get or that you already have obtained, and make that fellow grow with you. It is the small fellow of today

who becomes the medium-size or large fellow of tomorrow. It is up to sales and credit as a team to find reasons for taking that man's business. In sales today you have to be a lot more unorthodox, but I say again that sales will increase as the team links up with the ideal policy of finding a reason for taking a man's business and making a customer of him.

The creditman is also a salesman, and don't ever think that he isn't, because otherwise he could bury new accounts as fast as the sales department digs them up. The creditman of today is selling. He is selling customer relations. He is selling long-term customer relations and he is selling the opportunity for a company to expand. He is selling a lot of things besides credit.

Credit is selling as much as Sales is selling.

PRESLEY H. MEYER

CONCLUDED FROM P. 11

ment of customer requests for more time, of claims on material. Our salesmen frankly discourage requests for extra time. The reason is simple. They know that if a customer gets to the point where he can't pay his bills the credit department is going to be reluctant about shipping that dealer more goods. If that happens, the salesman's sales fall off, his family doesn't live so well and his wife doesn't like it, and so we work together to keep that salesman's wife happy.

We say that when a dealer needs financial help he has two places to go: the bank or his finance company. We say that we are jobbers and our margin of profit is small, that if we carry many dragging accounts we run short on paying our bills and then must go to the bank, that it is not fair for us to go to the bank and borrow money to do a job that the dealer himself should do.

Claims of any kind should be reported by our salesmen, either to our adjustment department on shortages or to our traffic department on any damages in transportation. A dealer will never let you forget such things, so it behooves the salesmen to report them.

Good relationships between customers and credit department call for frequent visits to the field with the sales representatives. These contacts with the trade have permitted me to make many friends. Such a company policy is most important for maintaining and increasing sales volume.

Story of Aetna Life Is Told by Tracing 5 Presidents' Careers

With emphasis on personalities and halftone illustrations of historical documents the story of the first hundred years of Aetna Life Insurance Company becomes a gripping romance in a volume of 262 pages authored by Richard Hooker.

Profile studies of the careers of the five presidents in sequence provide the continuity for tracing the development of the Aetna Life Affiliated Companies from the day in 1847 when, "using the Connecticut River as a broad and convenient highway, Eliphalet Bulkeley carried his household goods and treasures up

from East Haddam to Hartford" and installed his family at No. 58 State Street, "directly over the offices of the Aetna (Fire) Insurance Company." Life insurance, a new venture in those days, was to experience a resounding impetus with the organization of "The Annuity Fund," affiliate out of which Aetna Life was born.

Manufacturer Joins Fair Trade

Revell, Inc., of Venice, Calif., manufacturer of HO ready-to-run model trains, has announced full support to Fair Trade. Revell has agreement with wholesalers in 41 states where Fair Trade is enforceable.

Titanium Metal Production on National Distillers Program

By the end of the year, the U.S. Industrial Chemicals Company division of National Distillers Products Corporation is expected to take its place as a major producer of titanium metal, which is used primarily in the aircraft industry. A 175,000 sq. ft. building purchased in Ashtabula, Ohio, also will house facilities for production of zirconium, important in nuclear reactor structural components. National Distillers, a major liquor producer, entered the chemicals field a few years ago under its diversification program.

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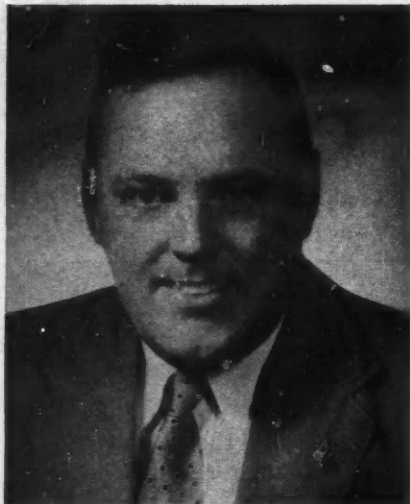


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By **JAMES P. KEDDY**
Credit Manager
Admiral Distributors
Boston, Massachusetts

IT WAS the last night of our Line Show. Jack walked in, just a half hour before closing. The dealer's dejected look indicated something was radically wrong.

Circumstances could not have been any worse. Here was an Admiral dealer who owed us \$20,000; the bank had a chattel mortgage of \$30,000 on his assets, and, the day before, his bank account had been attached!

We had recently become a factory sales branch at Boston. The former independent distributor had insured all his accounts receivable—and hypothecated them. A few years earlier he had purchased several hundred vacuum cleaners. They just would not sell. After struggling with the problem for months and getting nowhere, he had turned them over to Jack and told him to take all the time he wanted to pay for them.

While Jack was paying off the \$15,000 owed on the regular open account, the old distributor transferred the "vacs" from a memo account to Jack's regular accounts receivable, in order to get insurance coverage on that transaction. Jack squared off his debt, except the balance representing the unsold vacuum cleaners in his store. Then, in accordance with the terms of the insurance policy, Jack's account balance of \$4,500 was turned over to the collection department of the credit insurance company, with no notification to the insurance company's collection department that this was a special transaction with special

terms. Jack's promise that he would pay for the cleaners as fast as he sold them was ignored.

The attachment was completed and the bank, holding a chattel mortgage, could only reply, "No Funds." Now Jack was trying to make the best settlement possible, despite the fact that he was not at fault; on the contrary, he had kept his part of the bargain. Furthermore, he had been an excellent account for the old distributor and had moved many items, Admiral and others, with little cooperative advertising though paying top prices.

I had already bailed out the old distributor on a \$1,500 account which was turning sour. As a matter of pride, I had pledged myself to collect every dollar I had placed on his books. Without compensation, I had worked Saturdays and nights at home to that end. I could not understand why he would do this to me. Had he come to me with the problem, I would have had Jack give him preference payments for a while. No wonder Jack had that dejected look. I told him to go home and not see the distributor that night.

Gets Irrevocable Proxy

I drew up an irrevocable proxy, giving me full authority to settle the matter and waiving Jack's rights to take any action. We visited the banker and arranged to have a bond posted immediately. For a short time Admiral billed all purchases to Jack's wife, until we could thoroughly analyze his financial picture.

Going over his final Admiral purchases from the distributor, our controller found that Jack had bought more than \$3,000 of items used as displays at our Line Show, and that he was legally entitled to price reductions that had not been put through. At least \$900 in credits was due him.

Our general manager then gave him first chance at special promotional

items, across the board, and increased his share of available cooperative advertising, including a special trailer promotion that was going over big in the country towns.

Few of the sins which beset dealers had been missing from Jack's operation. With his extremely high accounts payable, the bank had a reserve account (10 per cent of his outstanding retail paper) which amounted to 50 per cent of his actual cash balances. He had his checking account in the same bank and so, when his customers failed to make their weekly payments, the bank charged them back, deducting them from his cash balance, and not from the reserve account. Jack was even making payments himself for his delinquent customers, rather than repossess—and television sets were

FROM high school James P. Keddy went to work for a stock brokerage house and enrolled in evening college courses in finance. In the National Institute of Credit, National Association of Credit Men, he served several terms as treasurer and president in the 10 years he was treasurer of a paint firm.

In 1946 he entered the appliance business in the credit department of a wholesale company and two years later became credit manager of the independent distributor holding the Admiral franchise at Boston. In 1949 the franchise was relinquished and Boston became a direct factory branch. The spade-work for the accompanying article by Mr. Keddy, who has the Executive Award of NACM's Graduate School of Credit & Financial Management (Dartmouth 1955), was done for his Management Study Report.

Mr. Keddy has served as a director of the Boston Credit Men's Association and its Credit Interchange and Adjustment Bureaus. Last year he was appointed instructor in credits and collections at Boston University.

becoming obsolete very fast in those days, with picture sizes increasing at least twice a year. Nor had television reached the secure position of the auto industry, where the family car was the last thing the householder would permit to be repossessed.

The bank's attitude toward Jack had been fully justified, because he was selling the "dregs" of the consumer credit community, and delinquencies ran 50 to 60 per cent. This despite the fact the bank was rejecting 40 per cent of the retail paper he submitted, which he then took to a non-recourse finance company. Also, he was leaving demonstration sets in the homes far too long and was closing only one-third of them in 45 days. Twelve per cent of his inventory represented used television receivers (sets taken as trade-ins), a common fault found in the working capital position of many retailers in those days.

We called to Jack's attention the comment by his certified public accountant that "in reviewing the accounts payable we note you have consistently taken advantage of quantity buying and special deals to obtain extra discounts, especially with the Admiral Corporation." Then we impressed upon him the advisability of restricting his lines of stock. Admiral purchases alone had been well over \$110,000 annually for a period of six years.

House That Jack Built—With Help

Sales-wise, we arranged that everyone connected with his operation be given extra opportunity to absorb product training so that they would be qualified to merchandise the high end of the line, rather than just be order-takers for the low-end, the competitive models in television and white goods. They were instructed in good salesmanship, including proper education of the customer at the time of purchase, and so eliminate many of the costly nuisance calls which occur shortly after buying.

With the cooperation of the bank, and rising to the incentive of participation in special promotions provided by the supplier, Jack mended his business ways and gradually emerged from his financial difficulties, and won a Brand Names Foundation Award for one of the top five performances.

Jack's business today is a paying business, profitable to himself as well as to us.



Credit rating needed?

Get the facts by telephone

Credit managers everywhere rely on the telephone to get out-of-town credit information fast, before a sale is lost.

They know that the telephone is *direct, personal* and *confidential*. They can get the full story, in minutes, thus can make decisions quickly yet soundly.

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New Orleans to Little Rock, Ark.	\$1.10	30¢

Add 10% Federal Excise Tax



BELL TELEPHONE SYSTEM
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Some Tax and Legal Aspects of Life Insurance

How Statutes Are Used by Underwriters and Estate Planners: Part I

By **BERNARD M. EIBER**

*Co-general Agent
Bergen-Eiber Agency
Brooklyn, New York*

THE tax and legal aspects of life insurance have so many ramifications that it would re-



B. M. EIBER

quire a voluminous book to cover the entire field. Therefore, this presentation is being confined to certain phases of the subject which are just a little more important than others, or phases which are not too often considered in connection with estate planning.

Only some of the provisions of the Internal Revenue Code and the Decedents Estate Laws of most states will be discussed, in an effort to point out how these statutes are used by life underwriters and other estate planners, and to point out how some of these provisions are abused, or not used at all.

Money, that is, income, can be produced in only two ways: (1) by working, and (2) by owning property that produces income. Most people are dependent on earnings produced by men at work. True, a good percentage of those who compose the estate planners' clientele have some income producing property—savings, bonds and securities—but few could even begin to maintain the semblance of their standard of living if they were unable to work for a relatively short period of time. Few could maintain themselves and their dependents on the earnings and dividends derived from their investments.

Generally speaking, there are five major reasons for one's inability to work and earn an income: *First*: No job, the result of not being suitable for the type of work being performed or the inability on the part of the employer to continue to employ the employee at any job; *Second*: The inability to work because the employee is too old and he either volun-

tarily retires or is forced into retirement; *Third*: The liquidation of the business because of its inability to earn an adequate profit; *Fourth*: Disability caused by accident or illness; and *Fifth*: Death.

Insurance in Estate Planning

The cash values of life insurance policies, while the insured is alive, and/or the proceeds of a life insurance policy at the time of death of the insured, make available monies which can be used to alleviate the problems caused by the inability to produce income, regardless of the reason for this inability. This brings us to the conclusion that life insurance is just another form of property, but the importance of this kind of property (life insurance) in estate planning cannot be overstated.

One reason is that the mere payment of a first premium immediately creates a definite amount that will be available in the event of death. The annual premium represents approximately 2 percent to 5 percent of the face amount of a life insurance policy. Its liquidity is second to none, because the death proceeds are often more readily available to a beneficiary than are the deposits in a bank or cash in a bank vault which is part of the decedent's estate.

Feast and Famine for Beneficiary

More often than not, life insurance proceeds will be the greatest portion of one's estate. However, many wills have been drafted with apparently no thought given to the idea of coordinating probate and non-probate assets. Perhaps some clients are reluctant to divulge everything. However, it appears that some so-called "estate planners" go through the motions of obtaining the facts for a complete estate planning job but do not probe sufficiently. Therefore, it is not unusual to find beneficiaries well provided for during the early years after the death of the testator, and poorly or not at all taken care of in later years, or with an inadequate income for life. Proper estate planning, based on all the facts which a conscientious

BERNARD M. EIBER, C.L.U., is co-general agent in the Bergen-Eiber Agency, Brooklyn, N.Y., representing the Mutual Trust Life Insurance Company. Graduate of New York University and New York Law School, he is a member of the New York State Bar Association, on the insurance law committee of the Queens County Bar Association, and on the faculty of the school of insurance of the Insurance Society of New York.

Past president of the Brooklyn Branch of the Life Underwriters Association and the Brooklyn Life Managers Association, Mr. Eiber is executive vice president of the New York C.L.U. Chapter.

estate planner can obtain, can eliminate a sequence of feast and famine for a beneficiary.

Because the term "estate planner" has been and will be used frequently in this article, it is well to give some definition of the term. "Estate planning may be defined as the orderly arrangement of an individual's assets so as to provide most effectively for the needs of himself while living and those dependent upon him after his death."¹ Because various skills are required to create a well-integrated estate plan, it is necessary that estate planning be undertaken by a team of specialists. Usually this team consists of a lawyer, an accountant, a life underwriter and frequently a trust officer.

The importance of fact-finding is always stressed to estate planners, and so it should not be amiss to devote a few lines to this basic estate planning thought. In addition to obtaining a general idea of the nature and extent of the property owned by the client, the estate planner should also obtain information regarding the client's objectives and his appraisal of the needs of his dependents and their ability to handle his property after he is gone.

Estate planners should also obtain financial data regarding the client's

¹Magovern, "Life Insurance and Estate Planning."

immediate beneficiaries and, if possible, financial data regarding those from whom the client or the immediate members of his family may some day inherit. Such information is invaluable.

Estate planners should also make it a point to obtain physical possession of their client's life insurance policies so that a detailed analysis can be made of the amount of insurance on his life, the names of the beneficiaries and the contingent beneficiaries, as well as the manner in which the death proceeds will be paid to beneficiaries.

Estate planners should look at an estate to see whether or not they can, in the light of all the objectives of the client, take advantage of every method of *tax avoidance*, for it is not even considered patriotic to overpay taxes.

In analyzing the estate of a client, estate planners should, at all times, keep in mind three basic thoughts: 1) The objectives of the client, 2) Flexibility, and 3) Necessity for periodic review. These three thoughts are mentioned now, because, without repeating them, this discussion is based on these key thoughts, and interpretations are made with respect to an individual client with regard to these three thoughts.

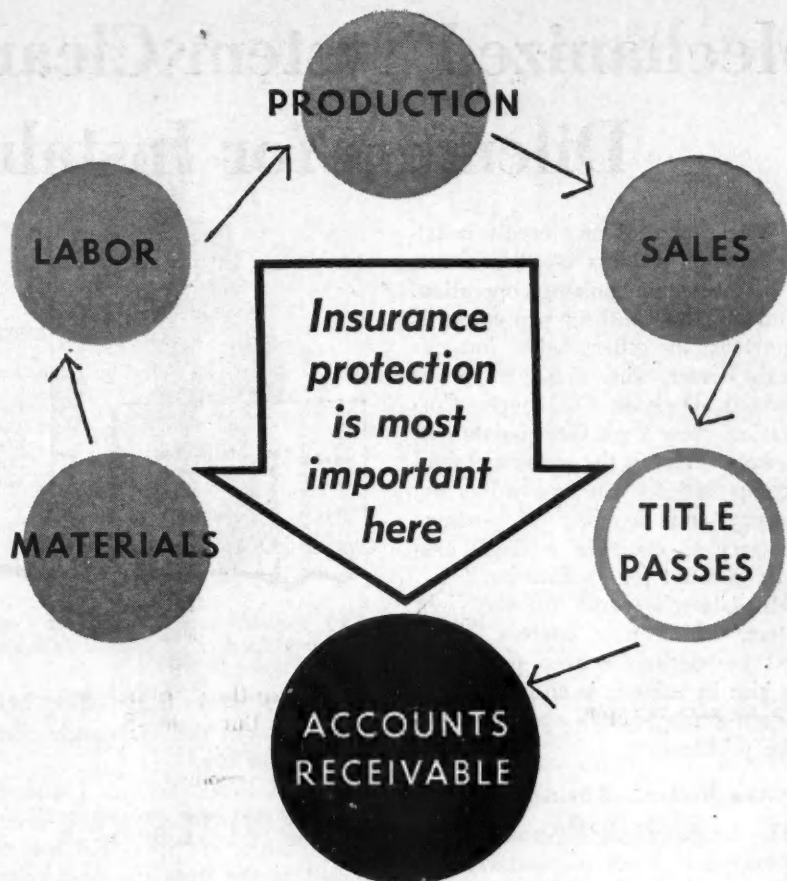
Five Points of Checklist

After obtaining all the facts, the overall estate should be appraised against a checklist. A comprehensive checklist can and should contain innumerable points, but this discussion is limited to only five of these points, namely: 1) Gifts, 2) Marital deduction, 3) State laws regarding proportionate payment of taxes, 4) State laws regarding simultaneous death, and 5) Creditor's Rights.

GIFTS

Prior to the Revenue Act of 1954, life insurance was in a class of property unto itself, with respect to gifts. Today, the situation is somewhat changed. In this connection reference should be made to Section 2042 of the Internal Revenue Code of 1954. This section deals specifically with the subject of whether or not life insurance proceeds are includible in the taxable estate of an insured. Under the old law, if the insured possessed, at his death, any incidents of ownership so that he could make loans, change beneficiaries or elect the settlement

(Continued on page 32)



**Don't end protection when
the risk of credit loss begins**

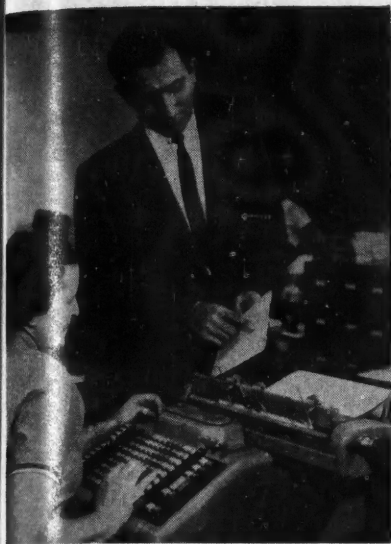
You pass title of your working capital when merchandise is shipped—you create an account receivable. You're more certain of the end result—PROFIT—when you protect accounts receivable with Credit Insurance. That's why an increasing number of executives have decided that NO cycle of protection is complete unless capital invested in accounts receivable is insured by ACI. To learn more about Credit Insurance, call our office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY of New York, Dept. 47, Commercial Credit Building, Baltimore 2, Maryland.

**Liquidity of capital is the
prime responsibility of management.**

**Protect your working capital
invested in accounts receivable
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**American
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18 CREDIT AND FINANCIAL MANAGEMENT, February, 1957



POWER PRODUCTS' office manager, Gerald Glaser, at one of the two Burroughs Sensimatic accounting machines, around which he developed the company's efficient credit instalment record preparation system. A two-total machine posts routine receipts; an eleven-total machine is used for posting cash receipts and for automatic provision of analyses figures for eight distribution classifications.

pon book is mailed several days later. Accounts are maintained by account number.

As the customer's remittance is received, the remittance and the coupon accompanying it are sent to the posting machine operator, who pulls the customer's ledger and immediately certifies the remittance by posting the date and account number onto it. This is done as a control measure. In addition, all remittances are micro-filmed before they are deposited. The remittance certification permits us to recheck any remittance and posting if a dispute or inquiry should later occur. The coupon is then filed chronologically for future reference.

Meanwhile, the date and account number automatically are repeat printed to the customer's ledger. The machine operator then indexes the previous balance to the account and the payment amount. The new balance is furnished automatically. By then again indexing the old balance, the posting is proven by the payment amount automatically printing on a journal that is provided as a byproduct to the operation. Should an error have occurred the amount of payment would not appear on the journal.

Totals accumulate in the accounting machine, and at the end of a post-

(Concluded on page 25)



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Proper Reporting with Unrestricted Audit Is Called Key to Open Bank Vault for Loan

PROPER reporting is one way to get money from banks "and a sure way to make them like it," for the road to proper reporting is built upon improved accounting standards and paved with increased emphasis on the unrestricted audit's value not only to the bank



A. L. NASH

but also to the client, says Arthur L. Nash, manager at Brown Brothers Harriman & Co.

"A great amount of ingenuity, not all of it legal, has been brought to bear, over the years, on the problem of how to get money out of a bank," observes Mr. Nash, who is president of the New York Chapter of Robert Morris Associates. "Actually, this is a great deal easier—legally—for a borrower who submits an unqualified audit report by a certified public accountant than for almost anyone else. This for the simple reason that the independent CPA reports on those facts that banks need to have before they can, or should, lend money. To the extent that a bank is in a position to rely on the CPA's report the vault doors may open more readily. Not all reports, however, are an 'open sesame.'"

Among matters important to bankers and CPAs, upon which the two professions can build further upon the already firmly established base of cooperation to improve mutual understanding and to expand service to one another and to their clients, Mr. Nash presents the following:

(1) Need for continued educational efforts toward (a) greater understanding by bankers of the auditing standards and procedures of CPAs and their professional relationship with clients, and (b) greater comprehension by CPAs of the broad requirements by bankers for adequate statements for credit purposes and the bankers' analytical method of approach and interpretation.

(2) Incomplete disclosure of material facts in many financial statements accompanying audit reports by CPAs.

(3) Inability of bankers to get adequate information on the competence of a CPA firm unknown to the bank and to determine degree of responsibility taken by some CPAs for figures shown in financial statements covered by their reports.

(4) Need for additional accounting services to clients which will aid them in their business and help their bankers establish a sound basis for credit.

(5) The plaint from the accountants that the client determines the extent of the engagement, and their need of support from bankers to urge clients to arrange for an unrestricted examination.

"One cannot expect an accountant to include confirmation, observation and other procedures when the client does not wish to foot the bill," says Mr. Nash, "but if the accountant has

ARTHUR L. NASH, manager at Brown Brothers Harriman & Co., commercial banking, investment brokerage and investment advisory firm with offices in New York, Boston, Chicago and Philadelphia, is president of the New York Chapter of Robert Morris Associates. He has been with the company since 1928, following graduation from Cornell University in 1927.

Mr. Nash is a member of the board of governors, American Institute of Banking; the New York Credit & Financial Management Association; a director of Eugene Munsell & Co., Jersey City, and of W. & L. E. Gurley, Troy, N. Y.; also president of the board of education of Chappaqua, N. Y.

The accompanying article is from an address before the Los Angeles Chapter of the California Society of Certified Public Accountants.

not performed an audit of sufficient scope he should clearly indicate the fact and, very likely, state that he is unable to render an opinion as to the overall fairness of the financial statements.

Should Know Basic Principles

"This is not to say that the accountant should not be criticized for failure to adhere to proper standards and procedure, or to state clearly his position with respect to the work he has performed." At the same time, for proper evaluation of the CPA's work, "the bank loan officer and credit analyst should be familiar with the broad principles, auditing standards and procedures of the accounting profession."

Mr. Nash calls attention to the many areas of close cooperation between the American Institute of Accounting and the Robert Morris Associates. He suggests exploration of development of classroom courses. "Material for courses in statement analysis and credit practice in some educational institutions does not include any reference to auditors' certificates and other pertinent data. RMA and the state societies need to cooperate in developing a program aimed at the administration and the instructors in such institutions."

Taxes and preparation of tax returns, he emphasizes, "have probably been the greatest single factor leading to widespread use of an auditor's services by non-listed companies." However, particularly in the case of medium-sized or small companies, the tax accountant or auditor frequently acts as an advisor and may not perform an audit. This has resulted in a misconception, by both clients and bankers, as to the responsibility taken by the accountant for the figures presented. This misconception is being eliminated to a degree by bankers' better understanding of auditing procedures and by use of the phrase "Prepared from the books without audit." Incidentally, Brown Brothers Harriman Co. today "has not one borrowing client who does not submit an audit report at least once a year,"

though "not all as yet are as complete or detailed as we would like."

"There still seems to be considerable hesitancy on the part of some bankers," he says, "to call to the attention of the borrower any deficiencies in his financial reports. In many cases bankers blame the accountant for such deficiencies even though careful reading of the certificate would clearly disclose limitations in the scope of the examination."

Abuses in Use of "Short Form"

"The opinion prevails among some bankers that the 'short form' of unqualified certificate is perhaps too broad in its language and may lead to abuses when a CPA has not, in fact, followed auditing standards and procedures required for the issuance of a short certificate."

Mr. Nash quotes from an actual audit with the "short form" certificate. It was found that the item "Current assets totaled \$4,300,000" included "Accounts receivable, brokers and customers" amounting to \$2,900,000 or 70 per cent of current assets. The auditor said he confirmed

\$2,600,000 of the receivables, the balance being U. S. Governments checked by other procedures. However, discussion of the receivable item with the treasurer revealed that \$1,800,000, or 60 per cent, was due from foreign affiliated companies, some in countries with exchange restrictions, \$750,000 from a domestic affiliate, and only \$360,000 from miscellaneous non-affiliated customers.

"Reporting standards require that receivables from subsidiaries or affiliates, if significant in amount, should be stated separately" and "better reporting practices" require that significant amounts of receivables from foreign debtors be segregated.

"Any credit grantor, and particularly a banker, would be most interested in proper disclosure of such material facts."

"Furthermore, in this report, the balance sheet shows a liability item of \$1,600,000 classified as notes payable, trade, unsecured. Questions developed that these were notes payable to a foreign affiliate for advances,

and in fact were not trade items at all. They were included as a current liability, so working capital was not affected, but this is insufficient disclosure of a material fact."

Mr. Nash asks how much responsibility was accepted by the CPA who submitted the following letter of transmittal (in substance) with his report:

"I have audited your books and records for the period and submit the following:— Balance Sheet and Statement of Profit and Loss.

"..... Statement is based on submitted estimated inventory of merchandise

"Cash on hand and in banks and bank loans were verified directly with depositors.


"Accounts receivable and accounts payable were not directly verified."

Comments Mr. Nash: "I believe the report, as submitted, could just as well have been made up by the company bookkeeper."

"In the income account, gross income of \$109,000 from sales appears. A \$108,000 item is shown as 'other income,' with no further comment. Is this full disclosure?"

"An auditor should try to place

(Concluded on page 25)



to catch a thief...

is a problem for law enforcement agents. To make good your losses is the business of National Surety Corporation. Ask your agent or broker about the many advantages of our Burglary Insurance.



**NATIONAL SURETY
CORPORATION
BURGLARY INSURANCE**

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OHIO VALLEY REGIONAL CREDIT CONFERENCE

LEFT: The long-range economy will continue its upward trend but a mild breathing spell is logical, Henry H. Heimann, executive vice president, NACM, told the Ohio Valley Regional Credit Conference, in Toledo. (L to R) N. M. Scharf, Toledo Edison Co., co-chairman; Mr. Heimann; Irwin Stumborg, Baldwin Piano Co., Cincinnati, NACM president; J. W. Marsteller, DeVilbiss Co., Toledo co-chairman; R. J. McKenna, Toledo Plate Glass Co., president, Credit Assn. of Northwestern Ohio, chairman.

TOLEDO BLADE PHOTO



ABOVE: Speakers at Oil Well Services and Supplies and Petroleum Products Group meeting, at NACM Southern District Credit Conference in Houston. (L to R) Grover Ellis, vice president, First City National Bank; and Warren Baker, editor, "World Oil."

LEFT: AT SILVER ANNIVERSARY of the Triple Cities Credit Women's Group. Seated (l to r) Mrs. Mary McGraw, Binghamton Container Co., Inc., member National Credit Women's Executive Committee; Miss F. Marie Ferguson, secretary-treasurer, executive committee; Mrs. Doris Nagle, Ansco Division, Group president. STANDING: Miss Bess Havens, past national committee chairman, toastmistress, and Mrs. Blanche Searles, H. J. Ludington Co., Group vice president and anniversary party chairman.



ABOVE: M. V. Johnston (left), Gulf Oil Corp., Pittsburgh, is congratulated on his election to the presidency of the American Petroleum Credit Association, by predecessor J. P. McLaughlin, Richfield Oil Corp., Los Angeles.



TESTIMONIAL PLAQUE for his many years of service as manager of the Foreign Credit Interchange Bureau is presented to Philip J. Gray (left), now director of the foreign department of National Association of Credit Men, and association secretary, at a silver jubilee luncheon of the Bureau. Officiating is Max Adamsky, chairman of the Bureau's administrative committee and executive secretary of D. C. Andrews & Co. Inc., New York.

SECRETARIAL COUNCIL NACM 1956-1957

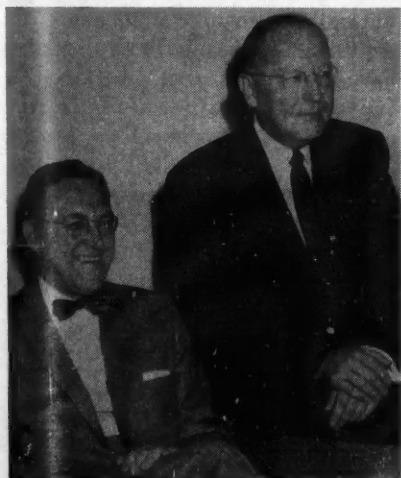
RIGHT: The members of the new SECRETARIAL COUNCIL, NACM. (L to R) Mortimer J. Davis, executive vice president, New York Credit & Financial Management Assn., Eastern Division; E. H. Kurtz, Omaha Association of Credit Men, Central Division; J. C. Hodgkins, Georgia Association of Credit Men (Atlanta), chairman; G. E. Lawrence, Dallas Wholesale Credit Managers Association, Southern Division; and J. B. McKelvy, The Rocky Mountain Association of Credit Men (Denver), Western Division.



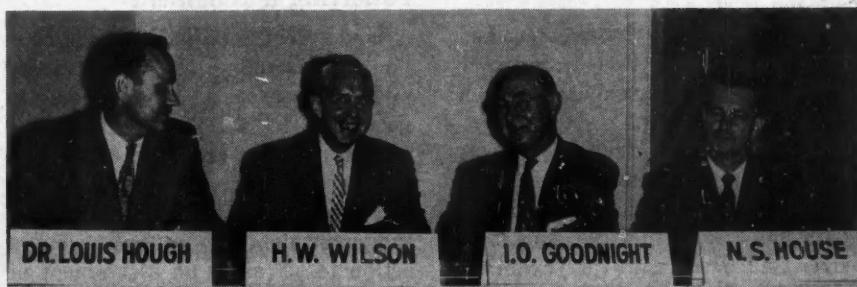
When NACM and Credit Research Foundation boards met at Santa Barbara, Calif. (L to R) K. C. Sommer, asst. treas. & credit mgr., Youngstown Sheet & Tube Co.; J. H. Donovan, asst. treas. Jones & Laughlin Steel Corp., Pittsburgh, v.p. Eastern Div. NACM; J. D. Ford, asst. v.p. Weirton Steel Co. Div. of National Steel Corp.



CONGRATULATING James Kincaid, 17, on being named Junior Achievement president of 1956 are E. H. Mosler, Jr. (left), president Mosler Safe Co., director Junior Achievement and member Young Presidents Organization, and D. O. Yoder, president, Yoder Co., Cleveland. Mr. Kincaid is honorary member of YPO.



ABOVE: At the Southern Division's first annual credit conference. (L to R) Irwin Stumborg, Baldwin Piano Co., Cincinnati, NACM president, and H. R. McManus, U. S. Steel Supply Division, president, Houston association, host.



MOTIVATING the annual "Financial Merry-Go-Round" of The Credit Association of Northwestern Ohio (Toledo) were the following panelists: (l to r) Louis Hough, Ph.D., University of Toledo; Howard W. Wilson, National Bank of Toledo; I. O. Goodnight, Electric Auto-Lite Co., and N. S. House, Howard Zinc Corp., the moderator.



RIGHT: Presentation of Institute of Credit Awards, Chicago Assn. of Credit Men. (L to R) S. D. Scorza, Cities Service Oil Co. (Associate Award); L. M. Prussia, Maxwell House Div., General Foods Corp. (Associate and Fellow); R. J. Burke, Wilson Sporting Goods Co., chairman, education committee; G. A. Buss, Chicago Pulley & Shoffing Co. (Associate); R. A. Johnson, Sunbeam Corp. (Associate).



Legal Rulings and Opinions

Illinois Use Tax

The Illinois use tax on out-of-state imports has been declared unconstitutional by the state supreme court, which held the levy illegal because not applying uniformly to all users of personal property. The court added, however, that a constitutional use tax would be possible.

The law, passed by the last state legislature, imposed a 2½ per cent assessment on goods bought outside the state in order to plug loopholes in the state sales tax income. Revenue loss to the state by the supreme court decision is estimated at \$1 million.

Car-Pool Drivers Liable

Despite a Michigan guest-passenger act, under which in numerous interpretations a motor vehicle owner is liable for recovery only in cases of "gross negligence" or "wilful and wanton misconduct," the state supreme court upheld a circuit court damage award of \$4,000 against the estate of a substitute driver killed in a collision in a fog.

Evidence showed that six men had been riding together to work for three months to reduce the expense of each driving his own car.

The supreme court ruled there was evidence that "a passenger-for-hire relation existed between the members of the pool" and that the substitute driver had been guilty of "ordinary negligence, and such negligence was the proximate cause of the accident." One of the other men in the pool had obtained the judgment which the supreme court ruling set aside.

No Warning Label

When a defendant seller failed to affix labels carrying warning and safety instruction on cans containing combustibles, the court of appeals of New York State held that the plaintiffs had a good cause of action

against the company. The opinion reversed an appellate court ruling, and returned the case to the state supreme court for trial.

A floor-finishing contractor did not use proper precautions, in the absence of such labels, and the plaintiff's building suffered severe damage when an unknown person dropped a lighted match.

Motion of the defendant seller of the product for dismissal of the complaint as to him was denied.

Storekeeper's Liability

Affirmed on appeal was a judgment upward of \$15,000 against a storekeeper when a customer lost a thumb in an accident. An electric fan, placed unfastened on a box in the aisle, fell upon him. The jury found the storekeeper negligent in failing to fasten the fan to the boxtop and not having a rubber or felt mat on the fan's base to prevent slipping. (*G. I. Surplus, Inc. v. Renfro* (Texas 1952) 246 S.W. 2d. 293.)

Satisfying a Judgment

Under North Dakota law the state banking examiner has discretionary power to execute any documents necessary to validate irregular or void transfers or assignments made in receivership of an insolvent bank.

A lower court found in favor of a judgment debtor who had brought action to set aside an assignment of a judgment executed by the receiver of an insolvent state bank. The state supreme court reversed the decision, holding that the judgment debtor's interest was extinguished when the state bank examiner filed his disclaimer of interest in the judgment.

Said the court: the judgment debtor's right to bring an action to set aside an assignment of a judgment arose out of his right to be legally certain that satisfaction or enforcement of the judgment by the assignee would extinguish the judgment and his liability thereunder. In the case in question, however, the state examiner before trial filed a disclaimer of all interest in the judgment assigned by the receiver to the defendant, and this action, the court ruled,

Someone has said that philosophy is the system of being unhappy intelligently.
—Anonymous

exacted that the satisfaction or enforcement of the judgment by the assignee, the defendant, would extinguish the plaintiff's liability, his "litigable interest in this law suit." (*Olav Heller v. C. Torgerson and W. C. Sveen*, 71 N.W. 2d 322 (1955).

Joint Checking Account

A wife holding a joint checking account with her husband cannot legally stop payment on his checks, the Oklahoma supreme court has ruled.

The president of the bank had told the plaintiff that a check in excess of \$3,000 signed by her husband had been presented. She ordered payment stopped but the bank disregarded the order. When the husband died two days later she sought judgment in the amount of the check. The court found the wife's claimed right to stop payment inconsistent with the husband's right to write checks against the account. When the depositor delivers his money to the bank, the latter assumes the obligation to pay out on his demand a sum equal to the deposit. When both joint depositors have the right to write checks on the deposit, the right precludes the right of one to stop payment on a check written by the other. (*Brown v. Eastman National Bank of Newkirk*, Oklahoma 291 P/ 2d 825 (1955).

Not Judgment Creditor

A trustee in bankruptcy is not a "judgment creditor" within the meaning of Section 3672(a) of the Internal Revenue Act; the words as used by Congress in the Section mean only a judgment creditor in the conventional sense of a judgment of a court of record. That was the ruling in *U.S.A. v. England* (CA-9 Oct. 5, 1955) 226 F (2) 205.

The Collector asserted a portion of claim as secured by liens on property of the bankrupt. Assessment lists had been received by the Collector and demand made prior to bankruptcy, but the Collector had not filed notice of the lien. The referee and district court disallowed the claim. The higher court held a U.S. lien valid.

Usually it is easier to do a good job than to explain why you didn't.

—The Postage Stamp

himself in the position of an uninformed reader, recognizing that at times, despite his unqualified opinion, the figures or terminology may still be unclear. I believe it is incumbent upon him to clarify the financial statements by footnote, if necessary.

Clear Description Desirable

"Clear description of material items on a balance sheet, or profit and loss account, is highly desirable." Mr. Nash cites a report showing as "other receivables" an item that was comparatively unimportant 10 years ago but now has grown to a substantial figure. Inquiry revealed that the item represented "advances to growers." From the lender's standpoint, he points out, "there would be greater understanding had the auditor used the phrase 'advances to growers.'"

Bankers are "hard put" to evaluate the competence of the auditor, says Mr. Nash. "The bank can find out about the borrower, his business, his 'know-how' and other elements, but what about the 'independent CPA' who expresses an opinion as to the financial position?"

The Real Concern

Then there is the auditor "who condones unusual methods of handling accounts in order to reduce taxes of his clients." Thus: "I have known individuals who present an audit report and imply that earnings were much larger than shown—with substantial 'secret reserves' in certain areas—and ask the bank to concede a higher working capital than shown by the balance sheet for that reason. My concern is: How would the borrower (and the auditor) act when, instead of writing down assets to save taxes, it would be advantageous to write them up to save the company! In the last analysis, we always come back to the integrity of the auditor, and banks and others have real difficulty obtaining enough information to evaluate him.

"Bankers feel there are many areas in which the auditing profession can take more constructive steps. The preparation of budgets and forecasts is an example. Many businessmen still operate on a by-guess and by-golly basis. Few, other than the large organizations, have made an

effort to conscientiously forecast operations, costs and cash requirements. If they knew the reactions of a lending bank to an intelligent forecast of cash needs presented at the time of borrowing, most borrowers would try to do something about it.

"Recommendations for such management aids might well originate with the CPA, who could suggest that the client discuss the question with the banker. The latter, I am sure, could give wholehearted support to any constructive idea."

GLASER

BEGUN ON P. 18

ing run are printed on the journal. In addition to distribution totals, the eleven-total Sensimatic provides a grand total of all the postings. Grand totals of postings made on the two-total machine also are furnished.

As another control measure, a listing of remittances is made and the total of the listing is checked against the grand total on the journal. This assures that each remittance has been posted to its account ledger.

About 99 per cent of remittances are checks or money orders. When a cash payment is received, it simply is transferred to a voucher and this becomes the posting medium.

Advantages Many

Advantages affirmed by Mr. Glaser:

"The Sensimatic system is so simple and the machine is so easy to operate that learning to post is merely a matter of several minutes of training and practice.

"The speed of the system easily allows us to keep up with our large volume of work. We open several hundred new accounts on an average day, and almost as many terminate daily. It is not unusual for us to post 2,000 individual receipts in a day. Our heaviest workdays are generally Mondays, when orders pour in as a result of weekend Super Jet Spray Kit advertising and promotion through television and newspapers.

Accuracy and Control

"Of equal importance are the accuracy and control that we have gained; the certification and microfilming of remittances, the proving of each posting as it is made and the post listing of remittances.

"The microfilming operation is actually an economy measure. To gain complete control over cash, some form of recording the remittance

must be made before the check or money order is deposited in the bank. Microfilm not only assures both company and customer the greatest protection in the form of an unalterable filmed record, but is really the most inexpensive method of making this record. Each remittance form can be filed at a very nominal cost and the method is the fastest for preparing this record.

"The Sensimatic system relieves employees of tedious chores, benefits the all-important customer, provides management with current credit activity figures, and helps keep office costs down—accomplishments that definitely are good business."

Honors Accorded Porter for 35 Years Association Service

Tribute to Donald K. Porter, secretary-manager, Inter-Mountain Association of Credit Men, on his 35 years of service, brought national and district leaders to Salt Lake City for a testimonial gathering.

Henry H. Heimann, executive vice president, National Association of Credit Men, told the membership at the testimonial dinner that the overall picture of the economy is bright but that a slight readjustment may occur late this year.

Irwin Stumborg, assistant treasurer of the Baldwin Piano Company, Cincinnati, NACM president, also spoke briefly, as did past presidents Paul J. Viall, Chattanooga Medicine Co.; C. Herbert Bradshaw, Bausch & Lomb Optical Co., Rochester, N. Y.; C. Callaway, Jr., Crystal Springs Bleachery, Chickamauga, Ga.; Ralph E. Brown, Marsh & McLennan, St. Louis, Central Division vice president, and Stephen F. Sayer, First Pennsylvania Banking & Trust Co., Philadelphia, NACM director.

Mr. Porter, who "carried papers" for the onetime Salt Lake City *Telegram* while attending school, was a stenographer and clerk for International Harvester Company before service in World War I. He joined the association as a bookkeeper and cashier in 1921, became assistant manager in 1930. The association's activities extend into southern Idaho, southwestern Wyoming and eastern Nevada.

Mr. Porter's career was the subject of a four-column article in the *Salt Lake Tribune*.

ON THE Personal Side

DAVID F. SELLARDS has been named controller and credit manager of Horn & Cox, Inc., Los Angeles, one of the larger household appliance dealers and distributors in California and exclusive distributor of Servel in Southern California.

Mr. Sellards, director NACM (1955-56), formerly was vice president and treasurer of Ellis-Klatscher & Co., Los Angeles. From New Mexico Military Institute, Redlands University and the University of California, Los Angeles, after military service he had started with Braun Corporation and successively was with General Motors Acceptance Corporation, the Weber Showcase and Los Angeles Stamp and Stationery companies before joining Ellis-Klatscher & Co., in 1939 as credit manager.

Mr. Sellards is a past president of the Credit Managers Association of Southern California. He has been a member of the NACM legislative committee and in 1954 and 1955 he served on National's resolutions committees.

George A. Roeder, Jr., who heads the credit department of Chase Manhattan Bank, New York, has been advanced to vice president.

EVERETT B. BROOKS is president and treasurer of the newly formed EBCAP Supply Company, Atlanta.



E. B. BROOKS

The company has purchased the assets of the Atlanta branch of Adams Supply, of which Mr. Brooks was vice president for 7 years. A certified public accountant and member of the Georgia bar, Mr. Brooks is an alumnus of the NACM Graduate School of Credit and Financial Management, Dartmouth (1952).

R. LYNN GALLOWAY has been named assistant controller, Eastman Kodak Company, Rochester, N. Y. He had been appointed general credit manager of the company in January, 1955 and he will, for the present, retain this responsibility. With the Kodak organization since 1931, he went into the credit department in 1932, advancing to assistant credit manager in 1943, and to credit manager in 1946.

Mr. Galloway is vice president and trustee of the Credit Research Foundation, National Association of Credit Men; a director of the Credit Bureau of Rochester; past president, Rochester Credit Men's Service Corporation. An Iowan, he holds the B.S. degree in business administration of the University of Nebraska.

THOMAS J. MCCARRICK has been named general controller of Eastman Kodak Company, Rochester, N. Y. Before going with Kodak in 1935 as accountant in the controller's department, he was associated with the Bank of Montreal and with Price, Waterhouse & Company. He is a certified public accountant.

MORTON H. LEEMAN has joined Ambassador Factors Corporation, New York, as vice president. Following graduation from New York University and studies in the graduate school of economics at Syracuse University, Mr. Leeman went into the textile field, in New York and Los Angeles.

R. J. POLLOCK, formerly regional credit manager, Maxwell House Division of General Foods, Inc., in Dallas, has been transferred to Oakland, Calif., to assume the duties of controller for the western regional office. Raymond R. Stevens of Chicago succeeds Mr. Pollock in the Dallas post.

WILLIAM J. MORELAND, JR. has become controller of Dravo Corporation's machinery division, Pittsburgh.



D. F. SELLARDS



R. L. GALLOWAY



H. W. SCOFIELD



M. H. LEEMAN

HENRY W. SCOFIELD has been appointed general credit manager, Crane Company, Chicago. He will be one of two general credit managers reporting to the assistant treasurer, Norman I. Pickles. Since going with the company in 1944, Mr. Scofield served in Crane offices in Macon, Ga., Jacksonville, Miami, Knoxville and Atlanta, in various capacities before becoming regional office manager at Columbus, Ohio.

MELVIN E. RUBENSTEIN has been promoted to controller, Max Mandel Laces Inc., New York City. He is an alumnus of New York University and the NACM Graduate School of Credit and Financial Management, Dartmouth, 1955.

KARL D. JAHNKE has advanced to secretary and treasurer, Dodge Manufacturing Corporation, Mishawaka, Ind., to succeed Temple Williams. He also succeeds Mr. Williams as secretary-treasurer of Chicago Thrift-Etching Corporation, Dodge subsidiary. A certified public accountant, Mr. Jahnke was with Ernst & Ernst before going with Dodge in 1952. Prior to World War II he was with International Harvester.

Mr. Williams, retired, remains a member of the board and chairman of the finance committee.

EARLE R. VAN VLIET has been promoted from assistant treasurer to treasurer of Olin Mathieson Chemical Corporation, New York. He succeeds E. W. Taft, who retired after 40 years with the company.



P. J. SMITH



J. H. BARNES



ERNEST SCHLEUSENER



D. R. PLUMB

PAUL J. SMITH has become administrative assistant to the sales manager, transistor division, Minneapolis-Honeywell Regulator Company, Minneapolis. He will be concerned with long-term planning and working with the field organization. Veteran of 20 years with the company, most of it in the credit and collection department, Mr. Smith holds the Fellow Award of the National Institute of Credit and the senior certificate in business administration from University of Minnesota extension division.

JOHN H. BARNES, since 1954 assistant to the general credit manager, Eastman Kodak Company, Rochester, N.Y., has been transferred to the management staff of Recordak Corporation, a subsidiary of Eastman Kodak, in New York City. He began with the company in 1948 following graduation from the University of Illinois and became assistant regional credit manager in 1953. An alumnus of the NACM Graduate School of Credit and Financial Management (Dartmouth 1956), he was recipient of the American Petroleum Credit Association Award. He is a past director of the Rochester Credit and Financial Management Association and has taught credits and collections at the University of Rochester (N. Y.).

ERNEST SCHLEUSENER has been named vice president, treasurer and a director of Rodney Hunt Machine Company, Orange, Mass., with overall responsibility for manufacturing and financial operations. Former

treasurer Herbert M. Johnson has retired. Previously Mr. Schleusener had been vice president of manufacturing, Mueller Brass Company, Port Huron, Mich., and director of its subsidiary Valley Metal Products Company.

DANA RUMSEY PLUMB, president of Fayette R. Plumb, Inc., Philadelphia, has been named a director of the Second National Bank of Philadelphia. The 34-year-old company president also is director and chief executive officer of Plumb Chemical Corporation and president of Delta File Works, subsidiary companies.

E. W. B. LEWIS has been appointed treasurer of Westinghouse Electric International Company, New York. He began with Westinghouse International in London in 1937 as treasury representative and previously had been associated with Imperial Airways, Ltd., London, and the London and Paris offices of Haskins & Sells.

EDWARD J. NORMAN, partner in the Grand Rapids, Mich. certified public accounting firm of Norman & Sherk, is head of the local office of Manpower, Inc.

In new appointments in Gulf Oil Corporation's controller department, Pittsburgh, R. MAYSON FOSTER, CPA, becomes general auditor supervising all auditing activities of the company, and ADAM P. YUNG becomes manager of the newly formed systems and procedures division of the department. Mr. Yung is responsible for advisory service relating to accounting and office procedures, including application of electronic machines and other office mechanization.

JOHN S. COLEMAN, president of Burrough Corporation, Detroit, has been elected a director of National Bank of Detroit. Mr. Coleman is also president of the Chamber of Commerce of the United States.

THOMAS B. REED, JR., has been advanced from assistant vice president to vice president of Pan American Bank of Miami (Fla.). Mr. Reed heads the bank's consumer credit department. He was for 15 years assistant treasurer of Commercial Credit Corporation and later vice president of South Dade Farmers Bank at Homestead.

EARLE O. LATHAM has been appointed first vice president of the Federal Reserve Bank of Boston, to succeed Alfred C. Neal, retired (CFM November 1956). With the Reserve Bank since 1926, Mr. Latham has been vice president in charge of bank examiners since 1947. He is past president of the Boston Chapter, National Institute of Credit, and of Robert Morris Associates, New England Chapter.

CHARLES J. KUSHELL, JR., formerly vice president of Revlon, Inc., has become financial vice president of Montgomery Ward & Company. He will have responsibility for both the treasurer's and controller's departments.

LESLIE M. MANNASMITTH has been appointed to the newly created position of financial vice president of Encyclopaedia Britannica, Chicago. He formerly was with Arthur Young & Company, where he was regional manager of the management services department, and before that he was with Montgomery Ward & Company as manager of methods research.

The following officers have been named directors of Dun & Bradstreet, Inc., New York: Jay Smith and Carnot R. Allen, vice presidents. Henry B. Cross, Jr., of T. L. Watson & Company, New York, also has been named a director.

RICHARD GANTZ has been appointed general manager, The A. B. Dick Company of Hartford, Conn.

HARLEY T. BLAKE has joined E. Van Noorden Company, Boston, as general credit manager. Formerly New England regional credit manager of Fairbanks, Morse & Company, Mr. Blake is assistant treasurer and a director of the Boston Credit Men's Association and past president, Boston Chapter, National Institute of Credit. A graduate of Northeastern University, he also holds the Executive Award from the Graduate School of Credit and Financial Management, NACM, Dartmouth (1950).



H. T. BLAKE

Modernizing the Office

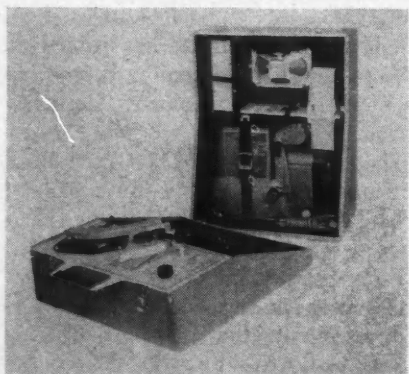
New Equipment to Speed Production and Reduce Costs

Tax Money "Bank"



348 Designed for retail stores to record city, state or federal tax collected from customers, the TAX RECORDER device of Narva Products, Inc., is bracketed at right angles to the cash register, enabling the salesperson easily and conveniently to ring up both merchandise price and tax at time of sale. The Tax Recorder automatically records the amount of tax money received during the day, eliminating estimating or 'formulas'. Separate counting and wrapping of tax money are unnecessary. Where both city (state) sales tax and federal tax are collected, the city tax recorder is set at the right of the cash register, the federal tax recorder at the left.

Slide-Filmstrip Package



349 A complete package for projecting sound slides and filmstrips is now available for business, educational and industrial use. The BELL & HOWELL TDC Schoolmate slide and filmstrip projector has been combined with the DUKANE Recordmaster transcription player in a sturdy, gray leatherette case. The turntable takes

all three speeds of records up to full 16 in. transcription size. Both single and double frame filmstrips, as well as 2x2 slides, may be projected. Exclusive control stops the record at any point for discussion. Entire package may be purchased as a unit through Bell & Howell audio-visual dealers, or the Schoolmate projector may be purchased separately and fitted into the case, which has space for accessories.

Gas-Powered Signal Horn

350 A new type of signal horn powered by disposable cans of harmless Freon gas, the FALCON ALARM COMPANY "Signal Horn" is said to have an audibility range of more

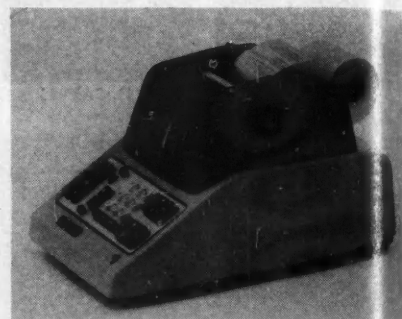


than a mile and is useful for various signaling purposes, indoors or out. Each can of Falcon's "packaged power" will produce more than 300 two-second signal blasts of from 110 to 115-decibel intensity, according to the manufacturer. Power cans are quickly replaced when they run dry, simply by unscrewing horn assembly from emptied can and threading it back on a new container.

New Calculator Makes Bow

351 For greater efficiency in performing sequences of combined operations, Olivetti Corporation of America has introduced its TETRAC-

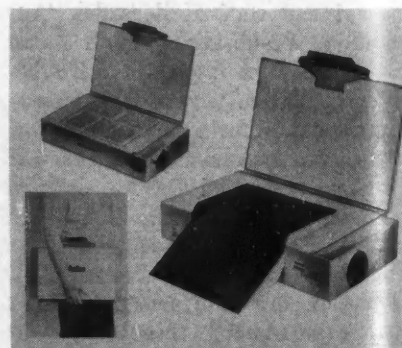
This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.



TYS desk-type calculating machine, which has two registers and a "memory." Totals, including quotients, can be stored in the "memory" and recalled in consecutive operations, with automatic grand total of individual results. Results of any calculation can be transferred from registers to "memory" and back, or automatically retained as constants. On the printed tape, operations and results are clearly identified by appropriate symbols.

Compact Book Copier

352 Specially designed to copy pages from books and magazines as well as other material requiring a flat bed printer, the APECO PANEL-LITE COPIER permits snug contact on any bound page to make a sharp, clear copy from the gutter to the



outer edges. The unit, manufactured by American Photocopy Equipment Company, measures only 19 1/2" x 13" x 4" overall, is lightweight, and has a built-in automatic timer. The copying surface is of special three-ply filtered glass and has a removable cover. The device has been engineered for use with the Apeco Autostat, as well as other processing methods.

Desk Stabilizer



353 This streamlined desk stabilizing unit of Gonco Manufacturing Company has push-button action. There is no bending or stooping to lock or release the JAC-A-DESK; the push-button control is conveniently located at the top of the unit. There are no ball bearings to lock or jam, no bulky or protruding lock mechanisms to bump shins or snag stockings. The steel center shaft is made to support weight of over 200 pounds.

"V.I.P." Briefcase

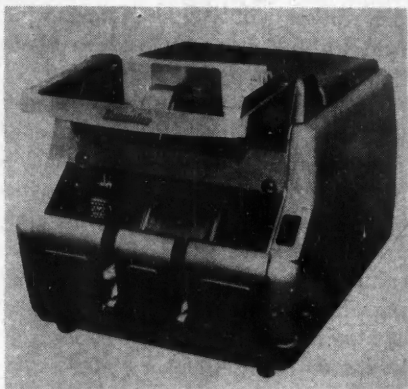
354 A popular new style briefcase is OLYMPIC LUGGAGE CORPORATION'S Attaché Case. A detachable portfolio, divided into five spacious compartments, is easily removed; makes it



possible to leave the case in a baggage locker while only the portfolio is carried during the business day. On trips, a dual purpose divider panel serves as writing desk enroute and conceals clothing and personal items carried in the lower compartment. The vinyl plastic Tolex finish is virtually scuffproof, will not fade or crack, and is cleaned with a damp russet.

Improved Check Signer

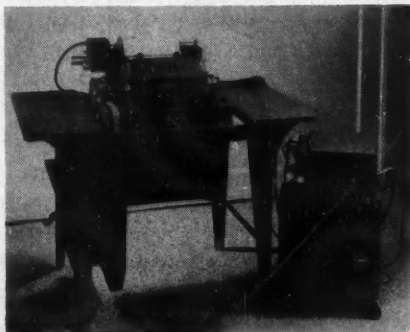
355 The CUMMINS 270 series check signer and indorser is now being offered. The machine will handle 450 mixed size checks per minute, automatically feed 25,000 checks or similar items per hour. In a matter of minutes the Cummins-Chicago Corporation check signer can be converted to an indorser by removing the signature plate and substituting an indorsing plate. The Cummins 270 has rigid, sturdy improved construc-



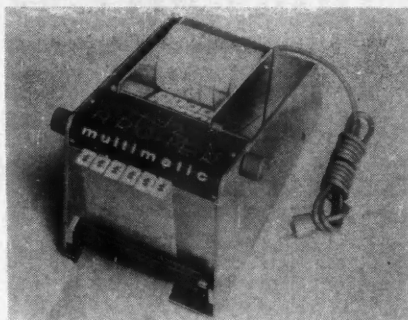
tion that provides quiet operation. Elimination of operating vibrations allows the unit to remain stationary, once set. The innovation of the wet-type ink supply assures a constant, even flow of ink over the die with no ribbons or rollers to wear out. The first check is as legible as the last.

Automatic Writing Machine

356 Controlled entirely by punched paper tape, the FLEXOWRITER DUPLEX automatic writing machine of Commercial Controls Corp. types personalized letters, invoices, orders and other documents at 100 words a minute. Two punched paper tapes are required. One tape contains the date and body of the document; the other tape has the name and address of the person to whom the document is addressed. The complete automatic operation from tape eliminates errors, speeds up documents, and cuts costs.

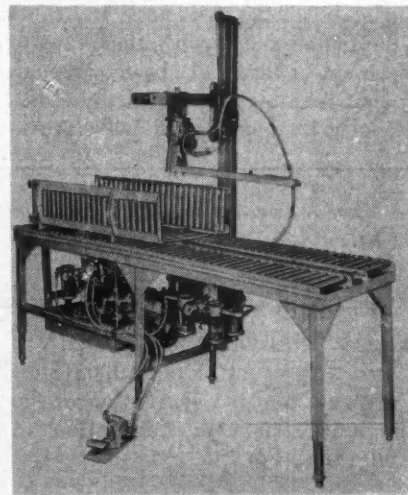


New Label Dispenser



357 An improved automatic dispenser for pressure sensitive labels has been produced by Archer Label Co. The MULTIMATIC MODEL 5 speeds up label application as much as 400 per cent over manual methods. The Multimatic will dispense multiple rows, from 1,000 to 10,000 labels. From two to eight or ten labels can be dispensed at once depending on the size of labels. The machine dispenses a single row of labels and stops. When the last exposed label is removed, the machine turns itself on, dispenses another row and stops again. As fast as the operator uses them, new labels are dispensed.

Staples By Air



358 Manufactured by Container Stapling Corp., this machine staples tops and bottoms, simultaneously, of center-slotted corrugated and fiber board boxes after they have been packed. Equipped with two stapling heads and air-operated with fully pneumatic controls, Model CSC-2 has no electrical connections. The air valves are operated by completely mechanical means. The machine is fully equipped with air filters, lubricators, regulators, and gauges. The only connection: to compressed air.

in commerce

Trends

in industry

in finance

Fire Losses Up 12.2%

FIRE LOSSES in the United States in the first 11 months of 1956 increased 12.2 per cent over the same period in 1955 to an estimated total of \$892,805,000, says the National Board of Fire Underwriters. The period in 1955 showed \$796,006,000 loss, Lewis A. Vincent, general manager, noted.

November's estimated total of \$80,481,000 was a decrease of 0.8 per cent from the previous month's \$81,121,000, but represented an increase of 17 per cent over the \$68,784,000 for November, 1955.

Steel's Expansion Needs

WITH the steel industry needing a 50 per cent plant expansion in the next 15 years, in the absence of relief through accelerated cost write-offs "the management will either have to generate additional cash through higher earnings obtained by additional price increases or will have to

stitute, "the growth rate of the stock per worker will decline from 2.4 per cent for the years 1955-59 to about 2 per cent in the period 1965-69."

Concern instead should center upon encouraging higher volume of saving and capital accumulation needed for the added population without damage to the economic improvement rate, which would make comparatively insignificant the slowing effect on productivity growth.

U.S.A.—Importer

A BASIC CHANGE of America's role, from exporter to net importer of several essential commodities, is seen by the Federal Reserve Bank of New York in the rise of U. S. imports in 1955 to a record of \$11.3 billions. Failure of domestic production to keep up is the ascribed reason for substantial imports of petroleum, iron ore, nonferrous metals and other raw materials.

American National Retail Jewelers Association were told by A. W. Zelom, president and economist for the International Statistical Bureau.

The overall rate of increase in 1955 was too fast, he said, but not dangerously so in the light of consumer income totals.

Free-Loaders

DEPARTMENT STORES have only themselves to blame for "free-loader" customers because of overselling of services rather than concentration on the merchandise itself, in the opinion of James W. Baker, vice president of Carson, Pirie, Scott & Co., Chicago.

In a study for New York University's school of retailing, Mr. Baker suggested that stores, to attack the problem of resultant high prices, drop "unnecessary" services and charge for others.

No Rail Passenger Traffic?

IN A DECADE the railroads will have virtually abandoned passenger-carrying business and the bus industry will have doubled into a \$1 billion-a-year business, predicts Arthur S. Genet, president of Greyhound Corporation. "Picture windows on wheels" will service 100,000 communities entirely dependent upon bus transportation, he added.

Highways and Homes

CHANGES of industry and population locations to follow completion of each link in the \$50 billion Federal highway building program will create vast opportunities for home builders the next ten years and thereafter, the Flat Glass Jobbers Association was told by Channing Way, manager of the building products division of the *Saturday Evening Post*. He urged caution in locating, planning and zoning new home communities.

Ernest A. Roelstad

Tact is the ability to shut your mouth before someone else wants to.

—Chicago Tribune

reduce expansion plans," A. B. Homer, president of Bethlehem Steel Company, told the convention of the Investment Bankers Association in Hollywood, Fla.

Workers and Standards

THERE is some merit, but much more exaggeration, in the contention that rising growth rate of the U.S. labor force may retard the betterment of living standards through absorption of capital to provide increased productive facilities, says the *Capital Goods Review* of the Machinery and Allied Products Institute.

On the basis of projections of business plant and equipment to 1970 and portion of stock growth to equip added working forces, says the In-

Buying Looks Up

OPTIMISM rises from members of National Association of Purchasing Agents, now that the misgivings of last summer have been quite dissipated by later survey. With production continuing high, an upturn in new orders is noted while the backlog of unworked materials is the lowest since 1954. Four out of five of the purchasing agents participating in the study called attention to higher prices for materials, a condition expected to continue to confront them this year.

Credit Expansion Slow-up

THE INCREASE of consumer credit purchasing has slowed down to one-third of the rate of increase in the second half of 1955, members of the

Guides to Improved Executive Operation

KEEPING INFORMED

INVENTORY IN ACTION—24-page brochure by American Express Field Warehousing Corporation. An informative and skilfully produced work showing how the "American Express Plan has put their inventories to work for thousands of businessmen." Taken up separately, with introductory description, case history and examples, are field warehousing applications to the financing of raw materials, semi-finished goods and parts used in production.

Discussed, with drawn illustrations in color, are: Carrying a complete line of products, goods produced for a particular season or a special market, products of the soil, financing processed foods, products stored in bulk, marketing home appliances and other products of large national suppliers, all products of sea, mine, forest, farm and factory, and American Express standards to assure additional loan safeguards.

For copies write American Express Field Warehousing Corporation, 65 Broadway, New York 6, N. Y., or contact local representative.

GUIDE to Pension and Profit Sharing Plans under the Internal Revenue Code of 1954, by Robert S. Holzman, Ph.D., was published as a monthly issue of Estate Planners Quarterly. This complete revision of the 1953 edition explains these plans, their operation and advantages. \$2.50. Farnsworth Publishing Co., 485 West 22d St., New York 11, N. Y.

YOUR FEDERAL INCOME TAX, 1956—New edition contains 112 pages of latest and most comprehensive information for the guidance of individual taxpayers, including substance of many of the regulations based on recent tax laws. 30 cents copy. Order from Superintendent of Documents, Government Printing Office, Washington 25, D. C.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.

EFFICIENCY TIPS

568—Ways to faster handling of packages and letters by the post office, through proper use of air parcel post and air mail, are outlined in brochure of Air Transport Association of America. Designed for secretaries' use, brochure is titled "How to Be the Postal Queen of Your Office."

569—Carbon paper rolls for adding and bookkeeping machines, autographic registers, teletype, billing and other office machines, are described in catalog of H. M. Storms Company.

570—"These White Elephants Are Made of Paper", 8-page illustrated booklet of Remington Rand outlines approaches to improved management and records control, more vital than ever with the increasing efficiency of paperwork reproduction equipment. Ask for BSD 45.

571—How interchangeable organization chart helps eliminate costly re-drafting and other chart problems is described in illustrated folder of Management Control Charts Company.

572—The entire new line of electric-powered and mechanical models of Thomas Collators is illustrated in a brochure now available.

573—"Typing Simplified" outlines methods for obtaining perfectly centered tabulation without complicated arithmetical calculations. Ask for Remington Rand brochure R-8812.

574—"Forms for the 9 Key Operations of Business", 15-page booklet of Moore Business Forms, Inc., points out, through text and workflow charts, basic requirements against which present or planned forms can be checked for efficiency. Free. Ask us for copy.

BOOK REVIEWS

MATHEMATICS OF FINANCE (New Second Edition)—by Paul M. Hummel and Charles L. Seebeck, Jr., \$4.75, McGraw-Hill Book Co., Inc., 330 West 42nd St., New York 36, N. Y.

• Commences with the treatment of simple interest and discount; develops gradually and logically through compound interest, annuities, perpetuities, bonds, depreciation, to fundamentals of life insurance. Can be used for self-study. Especially recommended for the student of finance and investment.

PROFESSIONAL ETHICS OF CERTIFIED PUBLIC ACCOUNTANTS.—By John L. Carey, executive director, American Institute of Accountants, 270 Madison Avenue, New York 16, N.Y. 234 pages. \$4.00 cloth; \$3.00 paper.

• In this expansion of "Professional Ethics of Public Accounting," published in 1946, Mr. Carey explains that in a decade the number of CPAs has increased from 28,000 to 54,000 and that "ethical questions are arising which had not formerly required attention." The first part of the volume treats of general principles, discussed in terms of the public interest, professional competence, independence and unity and the professional attitude. Part II concerns auditing, tax practice and management services; Part III, relations with others.

ECONOMIC NEEDS OF OLDER PEOPLE—by John J. Corson and John W. McConnell. 534 pages. \$4.50. With policy recommendations of a special committee of The Twentieth Century Fund, 330 W. 42nd St., New York 36, N.Y.—Sixty-one tables and charts support the conclusions of the authors, Mr. Corson a partner in McKinsey and Company, management consultants, and Mr. McConnell, Cornell University professor. Despite great expansion of the federal old-age insurance system, and state, municipal and corporate retirement systems and new company and union-management pension plans, almost three-fourths of Americans over 65 have either no income of their own or less than \$1,000 a year. The comprehensive study of systems in operation closes with a committee report which discloses "a serious lack of factual information" and recommends 13 directions in which to help alleviate a critical national problem.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

options, or if his estate, or his executor, as such, was designated as beneficiary of the policy, the proceeds were included in his estate. That part of the old law has not been changed.

The portion of the old law relating to gifts that has been changed deals with the "payment of premiums" test. Under the old law if the insured paid the premiums, directly or indirectly, even though he did not possess any incidents of ownership, the proceeds were, nevertheless, includible in his estate for tax purposes. This, despite the fact that he may have given the policy to another, who could surrender the policy and withdraw the cash values.

However, the new provision, Section 2042, eliminates the "payment of premiums" test. Today, for example, a third party need not have an independent income to permit ownership of a policy on an insured's life. Today, generally speaking, if the insured does not have any incidents of ownership the proceeds need not be included in his taxable estate, even if he pays the premium directly.

This relief afforded under the 1954 Code has two minor exceptions: *First: Contemplation of Death Exception.* This principle applies to gifts of

"Proper estate planning, based on all the facts which a conscientious estate planner can obtain, can eliminate a non-recurring cycle of feast and famine for a beneficiary."

—B. M. Eiber

any kind of property. However, if a life insurance policy is given by the insured to a third party within a period of three years prior to his death, the entire proceeds is presumed to be a gift in contemplation of death, and is includible in his estate; but this presumption is rebuttable. If the insured survived for at least three years after making the gift of the insurance, it is irrebuttably presumed not to have been a gift in contemplation of death.

The *Second* exception is the *Five Per Cent Reversionary Rule*. This rule, in effect, indicates that if there is a 5 per cent or better chance arising,

expressly by the contract or by operation of law, that ownership may revert to the insured, the proceeds will be includible in his estate for tax purposes. Many regulations have been issued by the Commissioner since the 1954 Code was enacted in August, 1954, but we are still waiting for final regulations regarding this 5 per cent reversionary rule.

Although there has been much discussion about this rule I do not take it too seriously. As I see it (and I am in the company of many able men), if the insured has no incidents of ownership at the time of his death and the owner had the right to withdraw all the cash values of the policy prior to the insured's death, that which could revert to the insured during his lifetime would be valued at zero.

If the insured is not the owner of the policy and he pays the premium for these policies, the amount of the premium is a gift. Whether the gift is subject to gift tax depends on the general rules regarding gift taxes; the annual exemptions—the general lifetime exemptions.

MARITAL DEDUCTION

For the property remaining in a client's estate after all gifts, including life insurance, have been made, the use of the *marital deduction benefit* should be considered.

This use is dependent on the posture of the estate of the husband and the wife. The legislative reason for the marital deduction benefit is to postpone the payment of estate taxes until the death of the surviving spouse, but it can do more than that. Nevertheless, it should be used with discretion.

If the use of the marital deduction in the estate of the one first to die will so increase the estate of the survivor as to make the estate tax upon the death of the survivor more onerous than if the marital deduction were not used in the first place, it should not, of course, be used.

How does the use of the marital deduction apply to life insurance? It has been established that life insurance is property and as such, if properly arranged, it can qualify for the marital deduction.

Payments made in a lump sum directly to the surviving spouse, so

that the surviving spouse can exercise every privilege of ownership, will qualify the proceeds for the marital deduction. But this is not the only way. If the spouse-beneficiary is given a general power of appointment she can be designated as the beneficiary to receive the proceeds under the settlement options without the right to change the method of distribution and without the right to withdraw any part of the principal.

"Life insurance is just another form of property, but the importance of this kind of property in estate planning cannot be overstated."

B. M. Eiber

Settlement options, coupled with a general power of appointment, are an example of a certain type of trust arrangement which would qualify for the marital deduction.

Many policies are made payable under settlement options to a surviving spouse and contain a provision that, if at the death of the spouse-beneficiary there are any additional proceeds due, the additional proceeds should be paid to the children or other secondary beneficiary of the insured. The proceeds of a policy left in this manner *do not* qualify for the marital deduction. However, a life insurance policy can contain such a provision and still qualify for the marital deduction if the insured has given the spouse-beneficiary a general power of appointment which would enable her to change the successor beneficiaries after the death of the insured.

Life insurance is particularly adaptable for the marital deduction because, if it is arranged under settlement options, its commuted value will, immediately after the death of the insured and as payments are made to the surviving spouse, grow less and less in value, thus reducing the taxable estate of the surviving spouse.

In the second and final installment of his article (CFM March issue) Mr. Eiber will discuss proportionate payment of taxes, simultaneous death clauses, creditors' rights, so-called spendthrift trusts, and designation of beneficiaries.

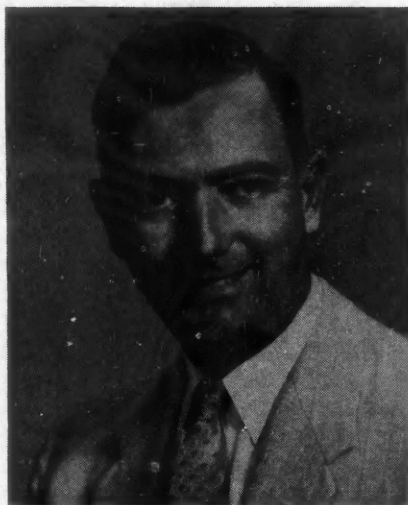
Rounded Program Already Assured For Miami Beach Credit Congress

MOVING into high gear, arrangements for plenary session highlight presentations, the Industry Group meetings and the entertainment features of the 61st Annual Credit Congress, at Miami Beach May 12 to 16, are focusing upon a well rounded program with much for all already assured by those in charge.

Complementing the keynote address by Henry H. Heimann, executive vice president, National Association of Credit Men, the committees already have assurances from other top-flight speakers of international note that the delegates will be benefited by messages pointed to the complexities of a year ahead which will call for the utmost in credit management efficiency.

Ample opportunity will be given all delegates in the convention program to exchange problems and solutions, after panel discussions at plenary gatherings and in the Tuesday meetings of the Industry Groups, with the fellowship hours which are always so important a part of the Credit Congresses.

A warm invitation to Miami for all credit executives and their families is extended by James W. Crawford, secretary-treasurer of Railey-Milam, Inc., Miami, general convention chairman; Harry L. Lawson, vice president of Bailey's Lumber Yards, Inc., Miami, president of the South Florida Unit, National Association of Credit Men,



JAMES W. CRAWFORD
General Convention Chairman

Miami; and Victor L. Wright, executive-manager of the South Florida Unit.

This, they emphasize, is a convention with gilt-edge guaranty of a superlative round of entertainment for your family while you are attending the convention sessions. They put it this way:

"We promise all a wonderful time. For example: a full moon is on the calendar for May 13th—and who hasn't heard of 'Moon over Miami,' with palm branches waving in the breeze and the rustle of the ocean surf outside your hotel window?

"Ample hotel accommodations are assured, at reasonable rates, so plan to stay through May. All major beach hotels are air-conditioned. In the winter season 10,000 visitors pour into Miami each day.

"Fishing, boating, side trips to other lands—all are available for your pleasure. Bring your summer slacks and swim suits. The ladies will enjoy summer dresses—cotton for the daytime, a light wrap at night.

"For the credit executive Florida with its rapid growth and many changes presents a challenge. Some companies have considered it a training ground for their credit managers. Plan to see for yourself the problems they face while considering such topics as these: Can you maintain a credit department in the North and

safely extend credit in Florida? Bonded jobs—how good are they? How can you sell merchandise on a secured basis? What is the future of Florida's economy and industry."

More about the Leaders

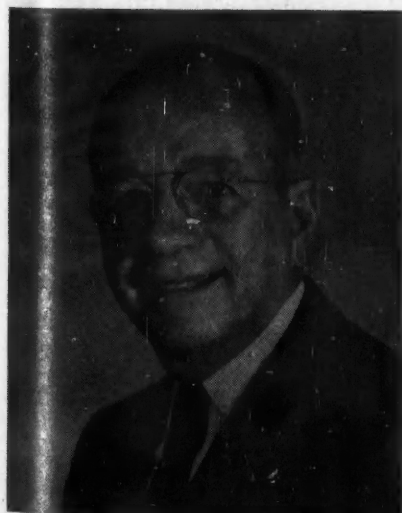
Here are some facts you'd like to know from the careers of the general convention chairman and the leaders of the South Florida Unit.

JAMES WALTER CRAWFORD, general convention chairman, was born in Moberly, Mo., the home town of General Omar Bradley. Graduated from the University of Missouri with a bachelor of science degree in business administration, Mr. Crawford's first job was with the American Steel Foundries in Granite City, Ill., where he was employed as a clerk in the pattern shop and shipping departments.

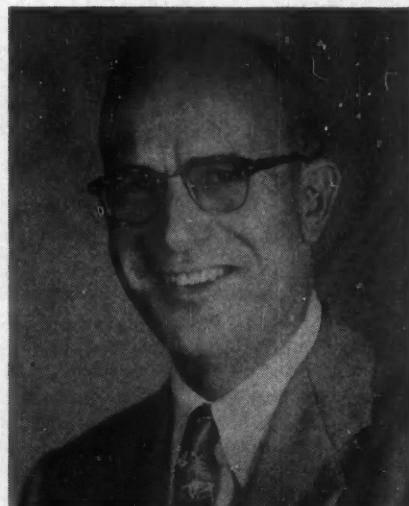
In September 1941, he enlisted in the Naval Reserves and the following January the Navy sent him to Northwestern University. After four years of duty on converted yachts, cargo vessels and destroyers, he was a lieutenant when released to inactive duty.

He was in the employ of the Land Title Company in Miami for six years and was title officer and office manager when he moved next door to Railey-Milam, Inc., where he took over from Lilburn R. Railey, Jr. as credit manager, a post held for five

(Concluded on following page, col. 1)



HARRY L. LAWSON



VICTOR L. WRIGHT

years. Several months ago he was elected secretary-treasurer of the company.

Mr. Crawford is past president of the National Association of Credit Men South Florida Unit, currently is president of the Greater Miami Credit Association. He is a charter member and past president of Toastmasters Club 1323, an associate member of the Orange Bowl Committee, and a member of the Miami Kiwanis Club.

His wife is the former Margaret Miller. They have three children—Ann, Miller, and Carol—and reside in Coral Gables.

The Unit President

HARRY L. LAWSON, president of the South Florida Unit, National Association of Credit Men, has been successively credit manager, secretary, treasurer and now vice president of Bailey's Lumber Yards, Inc., Miami, with which he has been associated since 1936. He was born in Knoxville, Tenn. Mr. Lawson is past president of the Florida Lumber & Millwork Association, the Miami Exchange Club, and the Miami Builders Exchange.

In the last war he served with the Office of Price Administration in the pricing of lumber. Mr. Lawson is married and has three children, all of whom are married.

The Secretary

VICTOR L. WRIGHT, executive secretary-manager of the South Florida Unit, National Association of Credit

Men, was born in Wilmington, Ohio, and moved to Miami in 1926.

Graduate magna cum laude (1932) of the University of Miami, with a bachelor of science degree in chemistry, he spent six years in credit and sales with an electrical contracting company before war service as a chemist with the sanitary section, Post Engineers. Following the war he was credit manager of the Frank T. Budge Hardware Company.

In 1949 he organized the Miami Association of Credit Management for the National Association of Credit Men, and became secretary-manager when the charter was received in September 1949.

He is a former president of the Miami Retail Credit Bureau; past treasurer of the Miami Toastmasters Club; member, Cocanut Grove Rotary Club. Mr. Wright is married. There are no children.

Col. H. F. Teese Is Secretary Washington, D. C. Association

Colonel Harry F. Teese (U.S.A., retired) has been appointed secretary-manager and treasurer of The Washington (D. C.) Association of Credit Men, Inc. He also is treasurer and executive manager of the Service Corporation. Between World Wars I and II, Colonel Teese was in credit, office and sales management posts, and for some years he owned and operated a motor transportation business. He was credit manager for member firms of the Cincinnati and Louisville credit associations and a director of the Cincinnati association.



COLONEL TEESE

Recalled to active military duty in July 1941, Colonel Teese served in command, administrative and general staff assignments in this country, Europe and Korea, and was awarded the Legion of Merit.

Special Ethics Committee

A special ethics committee of the Southeastern Chapter of the Robert Morris Associates is publicizing the "Statement of Principles" adopted jointly by the NACM and the RMA. L. F. Salathe, vice president, manager credit department, The National Bank of Commerce, New Orleans, heads the chapter's committee.

National Secretaries Designate Meredith Executive of Year

The National Secretaries Association (International), Pittsburgh chapter, has conferred upon Dudley R. Meredith, executive secretary of The Credit Association of Western Pennsylvania, Pittsburgh, the honor of Executive of the Year.



DUDLEY MEREDITH

At the annual dinner honoring executives, Mr. Meredith received from the girls the official crown of gold studded with rubies, the purple velvet, the engraved trophy to be held for the year, and a pair of cuff links as a permanent memento. Miss Pearl Karwan, Mr. Meredith's "chancellor," is a member of the association.

Mr. Meredith, who is in his 34th year of service to the credit association, started in July 1924 as assistant manager of the Credit Interchange Bureau, following graduation with honors from the University of Pittsburgh school of business administration. He became secretary and executive manager in July 1949.

The only association secretary who has received the Executive Award for completion of the three-year course of the Graduate School of Credit and Financial Management, NACM, Dartmouth College, Mr. Meredith is past secretary of the alumni association. He is also assistant secretary-treasurer of the Association of Eastern Petroleum Credit Managers, which he helped found.

Referees Pay Heimann Tribute As Association's Abiding Friend

A tribute was paid Henry H. Heimann on the 25th anniversary of his executive leadership of the National Association of Credit Men, in a resolution passed by the 30th annual Conference of the National Association of Referees in Bankruptcy, in Miami.

The resolution reads in part: "Mr. Heimann is not only recognized as an outstanding attorney and authority in the field of commercial law and creditor relationships but he has through the years been an abiding friend of the referees. Mr. Heimann and his association have consistently arrayed themselves in the role and category of true friends."

PERSONNEL MART

Opening for Credit Assistant

EXCELLENT OPPORTUNITY in home office of national manufacturing organization. Job location northeastern U.S. Prefer age 28-32. However, older age acceptable. Industrial credit experience desirable. Commercial or retail credit experience acceptable. Two to five years experience. College degree in business administration. Definite sales personality. Sound business sense. Minimum starting salary \$6,000. Company provides good employee benefits, including stock purchase plan. Please send complete resume of experience, education, expected starting salary and personal data to CFM Box #441.

Five Clinics Feature Record 32d Conference Of American Petroleum Credit Association

Word comes at presstime of the death of Harry E. Butcher, general credit manager, Cities Service Oil Co., Chicago, treasurer of American Petroleum Credit Association since 1942. Mr. Butcher's career will be reviewed in detail in the March issue.

FIVE clinics shared the spotlight with outstanding formal addresses at the 32d annual conference of the American Petroleum Credit Association in Chicago, which drew the largest attendance recorded by the association in number of companies and representatives.



M. V. JOHNSTON

Murray V. Johnston, Gulf Oil Corp., Pittsburgh, is now president of the association, with the following as his official family: vice president, F. L. Drake, Socony Mobil Oil Co., N. Y.; regional vice presidents, H. M. Allen, Sinclair Refining Co., Chicago; F. J. Hutchings, Esso Standard Oil Co., New York, and R. W. Vanden Heuvel, Shell Oil Co., San Francisco; treasurer, H. E.

Butcher, Cities Service Oil Co., Chicago; secretary, S. J. Haider, vice president, National Association of Credit Men.

Other members of the board of directors: J. I. Clemons, The Texas Co., Dallas; L. E. Cunningham, The Ohio Oil Co., Findlay, Ohio; H. J. Denman, American Liberty Oil Co., Dallas; A. A. Hock, Tidewater Oil Co., San Francisco; Mr. McLaughlin; N. R. MacDougall, Supertest Petroleum Corp., London, Ont.; W. H. Montgomery, The Pure Oil Co., Chicago; B. H. Morse, Cities Service Oil Co., Chicago; A. I. Richardson, Sun Oil Co., Philadelphia; R. D. Roberts, Union Oil Co. of California, Los Angeles; M. L. Rufer, Standard Oil Co. (Indiana), Chicago; Dewey Walker, D-X Sunray Oil Co., Tulsa; and M. J. Zook, The Vickers Petroleum Co., Inc., Wichita.

The 33d annual conference will be in San Francisco October 13-16, with Atlanta selected for 1958 and Minneapolis for the 1959 sessions.

After the opening of the Chicago gathering's first plenary session by APCA president John P. McLaughlin and the welcome by William M. Edens, assistant controller and credit director, Continental Illinois Na-

tional Bank & Trust Co., president of the Chicago Association of Credit Men, the conferees heard a discussion of "The Perils of Economic Illiteracy," by Charles M. Hanna, management consultant, Chicago, and the importance, problems and solutions of "Self-Development," by J. Allen Walker, general credit manager, Standard Oil Co. of California, San Francisco, western division vice president, National Association of Credit Men, and past president of the APCA.

Management Problems Analyzed

Ernest T. Baughman, vice president and economist, Federal Reserve Bank of Chicago, Monday afternoon speaker, pictured "Trends in Business and Credits." Thereafter the delegates went into industry credit clinics. One on "Credit Cards" was led by Harry Barrentine, Skelly Oil Co., Kansas City, Mo., past president, assisted by G. E. Hook, D-X Sunray Oil Co., Waterloo, Iowa; O. C. Lunsford, Standard Oil Co. (Indiana), Chicago; R. J. Walerius, The Pure Oil Co., Chicago, and R. D. Roberts.

Heading the Jobber and LPG clinic discussion was R. C. Utley, (Concluded on following page, col. 1)



THE NEW BOARD of the American Petroleum Credit Association convenes after the 32d annual conference, in Chicago. Left to right: L. E. Cunningham, The Ohio Oil Co., Findlay, Ohio; Norman R. MacDougall, Supertest Petroleum Corp., Ltd., London, Ont.; B. H. Morse, Cities Service Oil Co., Chicago; W. H. Montgomery, The Pure Oil Co., Chicago; A. A. Hock, Tidewater Oil Co., San Francisco; regional vice president R. W. Vanden Heuvel, Shell Oil Co., San Francisco; treasurer H. E. Butcher, Cities Service Oil Co., Chicago; secretary S. J. Haider, vice president, National Association of Credit Men; president M. V. Johnston, Gulf Oil Corp., Pittsburgh; vice president F. L. Drake, Socony Mobil Oil Co., New York; J. P. McLaughlin, Richfield Oil Corp., Los Angeles; J. I. Clemons, The Texas Co., Dallas; M. J. Zook, The Vickers Petroleum Co., Inc., Wichita; regional vice president H. M. Allen, Sinclair Refining Co., Chicago; Dewey Walker, D-X Sunray Oil Co., Tulsa; M. L. Rufer, Standard Oil Co. (Ind.), Chicago; R. D. Roberts, Union Oil Co. of California, Los Angeles.

AFTER attendance at Miami (Ohio) University and graduation from Pittsburgh "U," M. V. Johnston, general credit manager of Gulf Oil Corp., who is now president of the American Petroleum Credit Association, had credit and sales experience in the automotive field before joining Gulf in 1928. He was appointed assistant general credit manager in 1933 and advanced to his present post in 1952.

Mr. Johnston, who was editor of the APCA Journal for two years, was an organizer of the Association of Eastern Petroleum Credit Managers, has been a director of the Credit Association of Western Pennsylvania since 1948. Nationally, he has served on the Credit Interchange Board of Governors and is a trustee of the Credit Research Foundation.

Aurora Gasoline Co., Detroit, with these assistants: Michael Archer, Coastal Oil Co., Newark, N. J.; C. M. Booth, Warren Petroleum Corp., Tulsa; W. O. Holdren, Kerr-McGee Oil Industries, Inc., Oklahoma City; and L. F. Wainwright, Cities Service Oil Co., Chicago.

Panel on Business Conditions

Threats to "The Free American Enterprise System" were cited by Robert Liebenow, president of the Chicago Board of Trade, at the Tuesday forenoon session. In the general clinic-panel which followed, on "General Business Conditions," past president Roberts was moderator. Speakers on territorial conditions included E. W. Taylor, Shell Oil Co., New York; H. L. Miller, The Pure Oil Co., Chicago; A. E. Fletcher, The Standard Oil Co., Cleveland, past president; and Dewey Walker, Mr. Morse and Mr. Hock, with a summing up by Mr. Liebenow.

Agriculture's Future

"The Future of the Agriculture Industry" was pre-traced by Dr. W. E. Hamilton, director of research and chief economist, American Farm Bureau Federation, Chicago, at the

final business meeting. There followed two clinics, one on agriculture, the other on dealer credit.

R. W. Weiler, The Texas Co., New York, past president, headed the discussion of dealer credit. With him were M. E. Bruce, Humble Oil & Refining Co., Houston; W. J. Habkirk, British-American Oil Co., Ltd., Toronto; J. H. Ritter, Shell Oil Co., Chicago; H. M. Taft, Gulf Oil Corp., Chicago, and H. R. Wakefield, Sun Oil Co., Philadelphia.

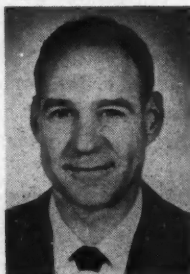
The clinic on agriculture had Mr. Rufer as leader, assisted by L. E. Cunningham, The Ohio Oil Co., Findlay; G. V. Erickson, Socony Mobil Oil Co., Inc., Kansas City; W. C. Neumann, Cities Service Oil Co., St. Paul; L. D. O'Donnell, The Carter Oil Co., Billings; L. T. Ritzel, Shell Oil Co., Minneapolis, and E. P. Simmons, Magnolia Petroleum Co., Dallas, past president.

At the closing dinner meeting a "Panorama of Progress" was drawn by Dr. Neal Bowman, National Association of Manufacturers, New York.

Credit Activity in N.W. Ohio Expands with New Lima Unit

Jack E. Stuber, Lima (Ohio) Supply Company, has been named president of the newly organized NACM-Lima Unit, a branch of The Credit Association of Northwestern Ohio (formerly Toledo Association of Credit Men). Mr. Stuber, 32, is a graduate of Bowling Green (Ohio) State University, with the BS degree in business administration. He served in the Army in World War II in Europe. Joining his father and brother in conducting the Lima Supply organization, he has been in charge of credit and collections since the senior Stuber's retirement in 1954.

Officers elected to serve with Mr. Stuber are: Dallas W. McKean, Sherwin-Williams Company, first vice president; William Kaverman, Continental Can Company, second vice president; Robert Hauenstein, Water Equipment Company, secretary-treasurer. J. R. Leister is district secretary-manager for Northwestern Ohio.



J. E. STUBER

A Tribute to Credit In Advertising Copy

The following tribute to the credit executive appears in the advertising message of a factoring company. We pass it along to our readers as material worthy of use to enhance public relations and intra-company recognition.—Ed.

CREDIT EXECUTIVES

A DYNAMIC FORCE IN TEXTILE INDUSTRY

Credit executives have been a dynamic force in helping to stimulate the vast growth in our textile industry.

Often, the factor cannot explain why the weaving of fabrics does not always proceed at an even pace. At times, the shuttle goes back and forth across the looms with incredible speed; at other periods it slows to a standstill.

But the factor can readily explain why its credit department performs its functions on an even plateau. The answer, of course, lies in the consistent strategy employed by credit men in their dealings with one another and with the textile trade.

No set of rules, no single system can be devised to function with complete effectiveness all of the time. With 2½ billion human beings on this planet—each one unique and different—it would be impossible to attain uniform principles to fit every individual and every situation.

Nevertheless, as factors, we can look with pride upon our credit departments' unanimity of action and achievements. Through their efforts, the credit standards in the textile field have been immeasurably strengthened.

Wolberg Heads Group Division Of Electrical Manufacturers

Sidney Wolberg of Burndy Engineering Company is the new chairman of the National Electrical Manufacturers Credit Group (Eastern Division) of the National Association of Credit Men.

Other officers elected are: vice chairman, Harold J. Langhans, Anaconda Wire & Cable Co.; and committeemen John T. Carroll, Corey Co., Inc.; Charles Cohen, Hatfield Wire & Cable Co., and Stanley Elmer, Columbia Cable & Electric Co.

Clark Named Financial Editor

William Clark, formerly assistant financial editor, has been named financial editor of *The Chicago Tribune*. A veteran of 15 years on the Tribune's financial staff, Mr. Clark is a regular participant in the annual Financial Merry-Go-Round of the Chicago Association of Credit Men.

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Readjustments Aid Economy, Heimann Tells Ohio Valley's Financial Leaders

Freedom and business readjustments are inseparable, because "free people have a right to make their own choice. If they should choose to let up on buying and instead concentrate on paying their debts, the resultant breathing spell for business would be a small penalty to pay for that freedom," Henry H. Heimann, executive vice president, National Association of Credit Men, said in addressing the luncheon session of the Ohio Valley Regional Credit Conference, in Toledo.

Publisher, economist, industrialist, university professor on the rostrum, and industry financial specialists in Group sessions, all teamed to make the annual regional meeting and fiftieth anniversary of the host Toledo association a memorable event.

"We want under all conditions to avoid a boom-and-bust cycle," Mr. Heimann declared, after noting trends in the economy toward a mild readjustment. He said such a cycle is wholly unnecessary but it could occur "if people go to excess and the false philosophy that we are depression-proof should take root."

Schneider Urges "Positive Attitude"

Sam J. Schneider, special representative, NACM, addressing the Midwest Credit Women's conference held on Saturday immediately following the two-day regional meeting, predicted "high sales volume ahead, with strong competition, rising prices and increased overhead." He stressed the necessity for a "positive attitude," for aggressive effort to advance the selling side of credit, not "merely to protect accounts receivable already on the books."

Mayor A. C. Czelusta, of Toledo, welcomed the conferees, who came from western Pennsylvania, West Virginia, Kentucky, eastern Michigan and Ohio. Paul Block, Jr., co-publisher of the Toledo Blade, was keynote speaker at the Thursday luncheon, and NACM president Irwin

Stumborg, The Baldwin Piano Company, Cincinnati, was master of ceremonies.

At the banquet Dr. Charles E. Irvin, professor of speech and communications skills, Michigan State University, discoursed on "Short Circuits, Pen Tops and Men." Presiding was R. J. McKenna, secretary and assistant treasurer, Toledo Plate & Window Glass Company, president of The Credit Association of Northwestern Ohio (formerly the Toledo Association of Credit Men).

Prosperity and Teamwork

General session speakers were Dr. Paul McCracken, professor of business conditions, University of Michigan, whose subject was "A Policy for Prosperity in the Year Ahead," and W. M. Hankins, Jr., president of Fred W. Kiemle Company, Toledo, who discussed "Sales-Credit Department Relations."

J. W. Marsteller, credit manager, The DeVilbiss Company, and N. M. Scharf, manager credits and collections, Toledo Edison Company, both past presidents of the host association, were conference co-chairmen. R. L. Howard, vice president, Logan Company, Louisville, Ky., past president of the Louisville Credit Men's Association, was conference vice chairman. W. F. Fox, Heating Trades Supplies, Inc., Toledo, made the report from the Group sessions.

Miss Mercedes Hurst, public relations, International Harvester Company, was luncheon speaker at the Mid-West Credit Women's Conference. Mrs. Willie Snow Ethridge, author of *Nila*, and Nila Magidoff, real-life heroine of the book, spoke at the credit women's banquet.

John McEnerney, secretary-treasurer, Owens-Illinois Glass Company, was moderator of the panel discussion "What's Ahead in Credit," at the Credit Women's conference, which had as panelists, Paul David, secretary, Retail Credit Bureau of Toledo; Mrs. Florence J. Lupe, executive vice president, First Federal Savings & Loan Association, and William E. Blank, vice president of marketing, The Electric Auto-Lite Company. Mrs. Amelia Britz and Norma Kinney co-chaired the women's conference.

No opportunity is ever lost. The other fellow takes those you miss.

—Anonymous

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Deaths

Edward P. Foley, Cleveland, 53 Years with Republic Steel

Edward P. Foley, who rose from office boy to general manager of the credit and collection department, Republic Steel Corporation, Cleveland, died of leukemia at Cleveland Clinic Hospital. He was 74. At the time of his retirement two years ago, Mr. Foley was honored by The



E. P. FOLEY

Cleveland Association of Credit Men as the "dean of steel credit men." In his career he approved some \$12 billions in credits.

Mr. Foley began as office boy in 1901 for Republic Iron & Steel Company, Chicago. He moved up to chief clerk of the credit and claim department, then to credit manager in 1917. When the company became part of Republic Steel Corporation in 1930 he retained his position, first in Youngstown and later in Cleveland when the corporation moved its main offices there.

Charles Longfield Headed Grand Rapids Unit 1945-46

Charles R. Longfield, secretary and treasurer, Evans & Retting Lumber Company, Grand Rapids, died of a heart attack. Mr. Longfield was president of NACM Western Michigan, Inc. in 1945-46, and most recently was serving a third term as a director.

D. W. Cauley Was Secretary and Interchange Pioneer

Dan W. Cauley, secretary and manager of the Cleveland Association of Credit Men for 14 years until 1930, and the Toledo Association of Credit Men, passed away. Mr. Cauley was a member of the NACM Credit Interchange executive committee in the early 1920s.

Eli Reeves Callaway Dies

Eli Reeves Callaway, retired banker and cotton manufacturer, of La-Grange, Ga., died at 76. He was vice president of Callaway Mills, operat-

ing company, at the time of his retirement in 1953. Mr. Callaway had contributed importantly to the organization and expansion of credit association activities in the southeast although he never held office in a local association.

T. Arnold Rau Is Dead at 67; Officer of Roy S. Durstine, Inc.

T. Arnold Rau, 67, treasurer and director of Roy S. Durstine, Inc., advertising agency, died unexpectedly at his home in Yonkers, N. Y. Mr. Rau in 1919 had joined the agency of Barton, Durstine & Osborn, later merged in Batten, Barton, Durstine & Osborn, and served as assistant treasurer, controller and a director until he joined the War Production Board in 1941. He was with American Type Founders in New Jersey until he joined Roy S. Durstine, Inc., in 1944 as treasurer and director.

William A. Smith Dies; Bank and Unit President

William A. Smith, 60, president of First Security State Bank of St. Paul, and former president of the St. Paul Association of Credit Men, died of a skull fracture after a fall from a ladder while repairing a second-floor storm window at his home.

From the brokerage business Mr. Smith in 1931 joined First National Bank of St. Paul. In 1944 he became first vice president of First Security State Bank, advancing to president in 1949.

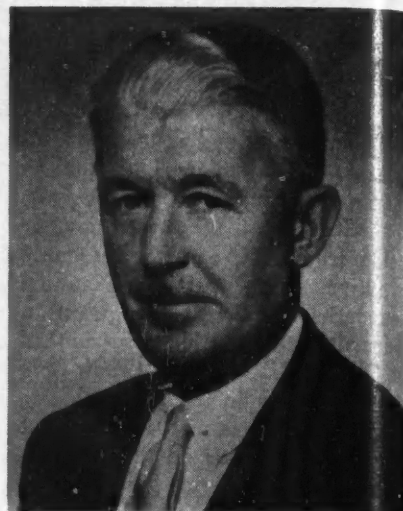
Charles A. Colton

Charles A. Colton, former director of the National Association of Credit Men (1933-35) and president, Boston Association of Credit Men (1936-37), died in St. Petersburg, Fla., at 76 years. He had been president of the Boston Chapter, National Institute of Credit, in 1928. Attorney Colton was for many years credit manager of the old Boston Transcript.

William L. MacKay

William L. MacKay of Duluth, Minn., former director of the National Association of Credit Men (1930-33) and past president and honorary life member of the Duluth-Superior District Credit Association, died in a Duluth hospital. Mr. MacKay was credit manager of Stone, Ordean & Wells Company when he retired in 1939.

Heads Insurance



THOMAS F. GLAVEY

Chase Manhattan Advances Glavey to Vice President

THOMAS F. GLAVEY, named vice president in charge of the insurance department of the Chase Manhattan Bank in New York, holds the degrees of master and bachelor of laws from St. John's University in Brooklyn.

Entering the service of the bank in 1929, Mr. Glavey in 1940 was assigned to the insurance department after years of training in the insurance division of the trust real estate and bond and mortgage departments. He was named assistant cashier in 1946 and advanced to assistant vice president in 1951.

Mr. Glavey, writer and lecturer on bank insurance topics and chairman of insurance seminars, was elected in 1955 to the chairmanship of the insurance and protective committee of the American Bankers Association. He is a trustee of the New York State Bankers Disability Benefits Insurance Fund and a member of the faculty of the Graduate School of Banking at Rutgers University.

James Caldwell Dies; Was Former Secretary-Manager

James Caldwell, retired secretary-manager of the Southwest Texas Wholesale Credit Men's Association, San Antonio, had contributed much to the development of the association in his area.

11 Industry Groups Share Interest at First Southern Division Gathering

THE long-range business outlook is "most promising" but a "mild breathing spell, possibly late in the new year, is not unlikely," in the opinion of Henry H. Heimann, executive vice president, National Association of Credit Men. "Readjustments in the past usually have followed tremendous plant and equipment expansion programs," he notes, predicting continuation of the trend toward increased business failures, chiefly among small establishments, and possible acceleration of the merger program.

Continuing business expansion for the next 10 to 15 years is predicted by NACM president Irwin Stumborg, assistant treasurer and finance department head of the Baldwin Piano Company, Cincinnati. With it he sees "tighter competition, demanding a more constructive selling job by the sales department and a progressive program by the credit staff."

Industry Group Meetings

In Houston, speakers at the first Southern Division Credit Conference shared the three-day program with eleven separate Industry Group meetings. Executives came from Cuba and 10 states. Fifty women credit executives attending the conference were addressed by Mrs. Lou Nora Spiller, Houston attorney, at the Credit Women's luncheon.

Mayor O. F. Holcombe, of Houston, welcomed the executives, with response by Lester C. Scott, assistant treasurer and credit manager, E. L. Bruce Company, Memphis, vice president, Southern Division NACM.

Lower Government Cost Asked

"Reduction in the cost of government would be the greatest anti-inflation weapon," Mr. Heimann declared in his talk, "This Credit Age." Among reasons cited by Mr. Heimann for the strained credit situation here and abroad are "the high tax load, the unrealistic depreciation rates allowed business, and the inflationary

factor, so prominent that all expenditures businesswise require more dollars and more credit."

Speaking from his considerable installment experience in charge of both retail and wholesale credit and collections of his company, Mr. Stumborg finds "the great majority of the people asking for credit will not obligate themselves beyond their ability to pay. The use of consumer credit today shows the average consumer feels secure in his job."

Principles Discussed in Panel

"Statement of Principles in the Exchange of Credit Information," panel discussion topic at the Saturday session, had as moderator William M. Edens, assistant controller, Continental Illinois National Bank & Trust Company, Chicago, and these panelists: J. W. Durrett, vice president, Third National Bank, Nashville, Tenn.; Lee Miller, credit manager, The Schoellkopf Company, Dallas; Paul J. Viall, treasurer, Chattanooga Medicine Company, Chattanooga, immediate past president NACM; and Walter S. Wilson, assistant treasurer and assistant secretary, United States Pipe & Foundry Company, Birmingham.

"Education for the Credit Profession" was the topic discussed by O. E. Barnum, treasurer, United States Steel Supply Division, U. S. Steel Corporation, Chicago.

Harry L. Richardson, Jr., Baroid Division, National Lead Company, Houston, was general conference chairman. H. R. McManus, United States Steel Supply Division, is president of the host Houston Association of Credit Men, Inc. W. L. Holmes, assistant treasurer, Schlumberger Well Surveying Corp., Houston, past NACM director and vice president, Southern Division, NACM, made the introductions at the first session.

Mrs. Virginia K. Jones, Carrier-Houston Corporation, Houston, was chairman of the Credit Women's luncheon. Russell L. Moore, assistant secretary and treasurer, Mosher Steel Company, Houston, was chairman of the Industry Groups' sessions. Delegates were entertained in typical Texas fashion with a chuck wagon barbecue dinner the opening night.

**Only the wages of sin
have no deductions or with-
holding tax.**

—Anonymous

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61st Annual Credit Congress and Convention, National Association of Credit Men

STANFORD, CALIFORNIA

July 7-20

Stanford University Session of the NACM Graduate School of Credit and Financial Management

HANOVER, NEW HAMPSHIRE

July 31-August 3

First Alumni Conference of the NACM Graduate School of Credit and Financial Management, Dartmouth College Campus

HANOVER, NEW HAMPSHIRE

August 4-17

Dartmouth College Session of the NACM Graduate School of Credit and Financial Management

CHICAGO, ILLINOIS

September 19-20

Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

LINCOLN, NEBRASKA

September 25-27

Annual Tri-State Credit Conference, including Iowa, Nebraska and South Dakota

SPRINGFIELD, MASSACHUSETTS

October 16-17

New England District Credit Confer-

ence, covering Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

BUFFALO, NEW YORK

October 17-19

Tri-State Credit Conference, including New York, New Jersey and Eastern Pennsylvania

CHATTANOOGA, TENNESSEE

October 19-22

Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana

SAN DIEGO, CALIFORNIA

October 24-26

Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

*Too many square meals
make round people.*

—Anonymous

New Western Kentucky Credit Group Names B. H. Cardwell

The Western Kentucky Credit Club, an affiliate of the Louisville Credit Men's Association, has been organized to meet the growing business interests of central and western Kentucky. Ben H. Cardwell, chairman of the new unit, is controller and credit manager of Motor & Electric Supply Company, Inc., Bowling Green, Ky., and branches, a post he has held for the last 16 years.

Mr. Cardwell is active in the Lions Club and American Legion, and several years ago was instrumental in organizing an automotive group in Owensboro. M. M. Johnson, treasurer, Brown-Forman Distillers Corporation, is president of the parent Louisville association, which is the largest member-owned credit reporting and collection agency in the South.



B. H. CARDWELL

Kallman Heads Board of Trade Of Stationers and Publishers

Edward O. Kallman, for 15 years credit manager of Wheeling Corrugating Company, subsidiary of Wheeling Steel Corporation, is now secretary of the Stationers and Publishers Board of Trade, New York, following retirement of Howard S. Sanders because of ill health.



E. O. KALLMAN

Mr. Kallman earlier had been vice president and general manager of Capitol Fuels, Inc., with supervision over all departments including sales and credits. From 1929 to 1938 he was credit manager of Philadelphia & Reading Coal and Iron Company (now Philadelphia and Reading Corporation) and supervised financial operations of a group of retail and wholesale companies owned by that company. From 1923 to 1929 he had been assistant controller of New York Consolidated Drug Company, with direction of accounting, credits, collections and taxes.

Mr. Kallman was on the board of directors of the Credit Interchange Bureau of the National Association of Credit Men and is vice president of the Hardware Manufacturers Division.

Electrical Group Hears Editor

Fischer Black, publisher and editor of *Electrical World*, presented his predictions on the electrical industry's 1957 at a meeting of the Electrical Manufacturers Credit Group (Eastern Division), NACM, in New York City.

Zebras' Member Drive Calls for New Herds

The Royal Order of Zebras has embarked upon a program for widened service to the National Association of Credit Men, with concentration upon membership campaigns in local affiliated associations. Millard S. French, of E. L. Mercere, Inc., Memphis, Grand Exalted Superzebe, is directing the drive for organization of new Herds.

For information write National Headquarters, Royal Order of Zebras, Box 344, Memphis 1, Tenn.



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Executives in the News



R. J. McKENNA



C. W. MATTSON



MRS. PARIS



CURTIS PARKER

Lure of "City of Roses" Palls Romance of Circus

J. K. Beyerle's father, a successful hardware and furniture merchant, owned an interest in "Uncle Tom's Cabin" traveling shows. Yet the youth preferred to dig roots in the City of Roses, studying at Reed College, then into the Hills Bros. Coffee, Inc. organization 28 years ago. He served in various western state branch offices before appointment to his present post as credit and office supervisor of the Portland division, which embraces Oregon, Washington, Idaho and Montana. In the Portland Association of Credit Men he has served on many committees. Recently he was elected to the presidency.

Stanford Award Winner Chosen By Banking and Credit Groups

The 1956 recipient of the Alumni Award for leadership of the NACM Graduate School of Credit and Financial Management, Stanford, Frank R. Dansby has won further honor in election to the presidency of the

Credit Managers Association of Southern California, Los Angeles. A past president of the Los Angeles Bank Credit Men's Association, Mr. Dansby is a firm believer in Credit Congress contributions to progress and has attended every convention since 1950.

Assistant cashier and manager of the credit department, Union Bank and Trust Company of Los Angeles, with which he has been associated the last 28 years, the athletically inclined bank executive rues curtailment of this activity, which he blames for "causing his chest to change its position somewhat."

Integrity of Native Finland Sets Code for Seattle Leader

Aptitude for the credit profession may merely be "doing what comes naturally" for Conrad W. Mattson who was born in Finland, land famed for fulfillment of its international credit obligations despite Russia's pressures. Recently elected president of the Seattle Association of Credit Men, Mr. Mattson is credit manager of the Grinnell Company of the Pacific. He began with the company 19 years ago as assistant to the office manager, after five years with a wholesale hardware company.

Combines Motherhood, Career And Association Presidency

Successful combining of family and career has been no easy task for Mrs. Lona L. Paris, recently elected president of the NACM Interstate Division, Sioux City, Iowa. Widowed, and with a small daughter to support, Mrs. Paris turned from 9-to-5 office work to management of apartment hotels so she could knead bread-winning and family environment for her child.

From office and credit manager, Ready Mix Concrete Company since 1947, Mrs. Paris recently became

associated with Clark Bros. Construction Company, Hinton.

Her first credit manager job was at Brown Stationery Company, Kansas City. Later she went with Spear Feed Company there, as office and credit manager.

Strategy Wins in Conference Football and Oil Marketing

From 13 years as football coach and athletic director (he directed the Centenary College "Gentlemen," himself had been All-Southwest Conference, football) to petroleum marketing 1940, is a shift in plays but not in values, for teamwork and leadership produce winning results in both fields, Curtis Parker finds. Since 1953 head of the Shreveport, La., Pan-Am distributing company bearing his name, Mr. Parker has been elected president of the Shreveport Wholesale Credit Men's Association, Inc. Last year he was named president of the Louisiana Oil Marketers Association.

Toledo Treasurer Finds Ohio Industry Offers Opportunity

For R. J. McKenna, new president of the Credit Association of Northwestern Ohio, Toledo, career is firmly based in the Buckeye State's industries. Secretary and assistant treasurer of The Toledo Plate & Window Glass Company, of which he also is a director, Mr. McKenna began with the company in 1947 as Cleveland branch credit manager. In 1949 he was assigned to the general office in Toledo as auditor, advancing to assistant secretary and assistant treasurer in 1950. In February 1955 he became a director and in July of the same year he was made secretary.

Earlier Mr. McKenna had been with Republic Steel Corporation, Cleveland, in the treasury department. He attended Western Reserve University.

